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PROSPECTUS

DATED: January 11, 1991

THIS PROSPECTUS CONSTITUTES A PUBLIC OFFERING OF THESE SECURITIES ONLY IN THOSE JURISDICTIONS WHERE THEY MAY BE LAWFULLY OFFERED FOR SALE AND THEREIN ONLY BY PERSONS PERMITTED TO SELL SUCH SECURITIES.

NO SECURITIES COMMISSION OR SIMILAR AUTHORITY IN CANADA HAS IN ANY WAY PASSED UPON THE MERITS OF THE SECURITIES OFFERED HEREUNDER AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

PINEWOOD RESOURCES LTD.  
(hereinafter called the "Issuer")  
#530 - 800 West Pender Street  
Vancouver, B . C .  
V6C 2V6

Public Offering: 670,000 Common Shares (the "Shares")

Shares	Price to Public	Commissions	Net Proceeds to Issuer if all Shares are Sold (2)
Per Share	\$0.35 (1)	\$0.05	\$0.30
Total	\$234,500.00	\$33,500.00	\$201,000.00

- (1) The price was established by negotiation between the Issuer and the Agents.
- (2) Before deduction of legal, audit and printing expenses payable by the Issuer estimated not to exceed \$67,629.

THERE IS NO MARKET THROUGH WHICH THESE SECURITIES MAY BE SOLD.

A PURCHASE OF THE SECURITIES OFFERED HEREUNDER MUST BE CONSIDERED SPECULATIVE. ALL OF THE PROPERTIES IN WHICH THE ISSUER HAS AN INTEREST ARE IN THE EXPLORATION STAGE ONLY AND ARE WITHOUT A KNOWN BODY OF COMMERCIAL ORE. REFERENCE IS MADE TO "RISK FACTORS" FOR MORE INFORMATION.

THE VANCOUVER STOCK EXCHANGE HAS CONDITIONALLY LISTED THE SECURITIES BEING OFFERED PURSUANT TO THIS PROSPECTUS ON THE VANCOUVER STOCK EXCHANGE. LISTING IS SUBJECT TO THE ISSUER FULFILLING ALL THE LISTING REQUIREMENTS OF THE VANCOUVER STOCK EXCHANGE ON OR BEFORE MAY 14, 1991, INCLUDING PRESCRIBED DISTRIBUTION AND FINANCIAL REQUIREMENTS.

THIS OFFERING TO BE COMPLETED ON OR BEFORE MAY 14, 1991.

UPON COMPLETION OF THIS OFFERING, BUT WITHOUT GIVING EFFECT TO THE AGENTS' WARRANTS, THIS ISSUE WILL REPRESENT 33.64% OF THE SHARES THEN OUTSTANDING AS COMPARED TO 50.94% THAT WILL THEN BE OWNED BY PROMOTERS, DIRECTORS AND OFFICERS OF THE

Mar. 1/91



ISSUER, GREATER THAN 10% SHAREHOLDERS AND "UNDERWRITERS" AS DEFINED IN LOCAL POLICY 3-30 OF THE BRITISH COLUMBIA SECURITIES COMMISSION. SEE "PRINCIPAL HOLDERS OF SECURITIES" HEREIN FOR DETAILS OF SHARES HELD BY "UNDERWRITERS".

THE ISSUE PRICE TO THE PUBLIC EXCEEDS THE NET TANGIBLE BOOK VALUE PER SHARE, CALCULATED AS AT JULY 31, 1990, (AFTER GIVING EFFECT TO THE OFFERING) BY \$0.2397 WHICH REPRESENTS A DILUTION OF 68.49%.

ONE OR MORE OF THE DIRECTORS OF THE ISSUER HAS AN INTEREST, DIRECT OR INDIRECT IN OTHER REPORTING ISSUERS. SEE "DIRECTORS AND OFFICERS" FOR A COMMENT AS TO THE RESOLUTION OF POSSIBLE CONFLICTS OF INTEREST.

FRASER AND COMPANY, BARRISTERS AND SOLICITORS, 900 - 777 HORNBY STREET, VANCOUVER, B.C. V6Z 1S4 ARE LEGAL COUNSEL TO THE ISSUER.

NO PERSON IS AUTHORIZED BY THE ISSUER TO PROVIDE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS IN CONNECTION WITH THE ISSUE AND SALE OF THE SECURITIES OFFERED BY THE ISSUER.

THE AGENT, SUBJECT TO ITS RIGHTS OF TERMINATION SET OUT HEREIN, HAS AGREED TO PURCHASE ANY SHARES NOT SOLD AT THE CONCLUSION OF THE OFFERING.

THIS PROSPECTUS ALSO QUALIFIES THE ISSUANCE OF THE AGENTS' WARRANTS AND THE SALE AT THE MARKET PRICE AT THE TIME OF SALE OF ANY SHARES ACQUIRED BY THE AGENTS PURSUANT TO THEIR GUARANTEE. THE AGENTS MAY SELL ANY SHARES ACQUIRED ON THE EXERCISE OF THE WARRANTS PURSUANT TO THE SECURITIES ACT AND REGULATIONS WITHOUT FURTHER QUALIFICATION. SEE "PLAN OF DISTRIBUTION".

WE, AS AGENTS, CONDITIONALLY OFFER THESE SECURITIES SUBJECT TO PRIOR SALE, IF, AS AND WHEN ISSUED BY THE ISSUER AND ACCEPTED BY US IN ACCORDANCE WITH THE CONDITIONS CONTAINED IN THE AGENCY AGREEMENT REFERRED TO UNDER "PLAN OF DISTRIBUTION".

Name and Address of Agent

BRINK HUDSON & LEFEVER LTD.  
1500 - 666 Burrard Street  
Vancouver, B.C.  
V6C 3C4

EFFECTIVE DATE: JANUARY 21, 1991

PROSPECTUS - PINWOOD RESOURCES LTD.

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## SUMMARY

This information is a summary only and is qualified by the more detailed information appearing elsewhere in this Prospectus.

### The Issuer

Pinewood Resources Ltd. (the "Issuer") is engaged in the exploration and development of mining properties in British Columbia.

### Offering

The Offering: 670,000 Common Shares (the "Shares").

Price: \$0.35 per Share.

Commission: The Agents will receive a commission of \$0.05 per share.

Proceeds to Issuer: \$201,000.00.

Use of Proceeds: The net proceeds of \$201,000 less the working capital deficit of \$68,960 will be used to carry out the balance of Phase I of the exploration program on the Kurtis Property in the amount of \$71,000 (which is the balance of \$110,000 as budgeted in P. Dasler's report of February 29, 1988 and updated January 9, 1989) and to provide for corporate working capital in the amount of \$61,040. See under heading "Use of Proceeds".

Agents' Warrants: The Agents will receive Agents' Warrants entitling them to purchase a total of 167,500 shares exercisable for a period of two (2) years, at a price of \$0.35 per share during the first year of the term, and at a price of \$0.41 per share during the second period of the term in consideration for guaranteeing the shares offered hereby. See under heading "Guarantee of Agents and Additional Offering - Agents Warrants" on page 2.

Risk Factors:

The Issuer's business is subject to risks normally encountered in mineral resource exploration and development. The properties in which the Issuer has an interest are in the exploration and development stage and are without a known body of ore. No survey of the properties of the Issuer has been made and, therefore, in accordance with the laws of the jurisdiction in which the properties are situated their existence and area could be in doubt.

Investors of securities under this Prospectus will experience an immediate dilution of their investment of \$0.2397 or 68.49%.

The shares offered hereunder are speculative. There is no market for the Issuer's shares. Reference is made to "Risk Factors" for a discussion of other risks involved.

Conflicts of Interest:

Some of the officers and directors of the Issuer are engaged in a business similar to the business carried on by the Issuer and conflicts can arise. The proposed manner of dealing with conflicts of interest are set out under the headings "Directors and Officers" on pages 14 and 15.

## PLAN OF DISTRIBUTION

### Offering

The Issuer by its Agents hereby offers (the "Offering") to the public through the facilities of the Vancouver Stock Exchange (the "Exchange") 670,000 common shares (the "Shares") in the capital of the Issuer at a price of \$0.35 per share (the "Offering Price"). The Offering Price of the Shares was established pursuant to negotiations between the Issuer and the Agents.

The Offering will be made in accordance with the rules and policies of the Exchange and will take place on a day (the "Offering Day") as determined by the Agents and the Issuer, with the consent of the Exchange, within a period of less than 180 days from the date of issuance of a receipt for this Prospectus (the "Effective Date") by the Superintendent of Brokers for the Province of British Columbia (the "Superintendent") and to be completed on or before May 14, 1991. The proceeds of the Offering shall be paid to the Issuer within ten (10) business days of the Offering Day. The Offering is being qualified for sale in the Province of British Columbia.

The Directors, Officers and other insiders of the Issuer may purchase Shares from this Offering.

### Listing on Exchange

The Exchange has conditionally listed the securities being offered pursuant to this Prospectus on the Exchange. Listing is subject to the Issuer fulfilling all the listing requirements of the Exchange on or before May 14, 1991, including prescribed distribution and financial requirements.

### Appointment of Agents

The Issuer, by an agreement (the "Agency Agreement") dated the 15th day of March, 1990 and extended by agreements dated July 10, 1990, September 30, 1990 and December 18, 1990 appointed BRINK HUDSON & LEFEVER LTD. of 1500 666 Burrard Street, Vancouver, B.C., V6C 3C4, as its agents (the "Agents") to offer the Shares through the Exchange.

The Agents will receive a commission of \$0.05 per Share.

The Agents reserve the right to offer selling group participation in the normal course of the brokerage business to selling groups of other licenced brokers-dealers, brokers and investment dealers, who may or may not be offered part of the commissions or bonuses derived from this offering.

The obligations of the Agents under the Agency Agreement may be terminated prior to the day that the shares of the Issuer are listed, posted and called for trading on the Exchange at the Agents' discretion on the basis of their assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events.

The Issuer has granted the Agents a right of first refusal to provide future equity financing to the Issuer for a period of twelve (12) months from the Effective Date.

There are no payments in cash, securities or other consideration being made, or to be made, to a promoter, finder or any other person or company in connection with the Offering.

#### Guarantee of Agents and Additional Offering - Agents' Warrants

The Agents have agreed to purchase any Shares not sold at the conclusion of the Offering (the "Guarantee"). In consideration therefor, the Agents have been granted non-transferable share purchase warrants (the "Agents' Warrants") entitling them to purchase up to 167,500 shares of the Issuer exercisable at any time up to the close of business two (2) years following the date of the listing, posting and calling for trading of the Issuer's shares on the Exchange, at a price of \$0.35 per share during the first year of the term, and at a price of \$0.41 per share during the second period of the term.

The Agents' Warrants will contain, among other things, anti-dilution provisions and provisions for appropriate adjustment in class, number and price of shares issuable pursuant to any exercise thereof upon the occurrence of certain events, including any subdivision, consolidation or reclassification of the shares of the Issuer or the payment of stock dividends. The Agents' Warrants will be non-transferable. One (1) Agents' Warrant is required to purchase one (1) share in the capital of the Issuer.

This Prospectus also qualifies the issuance of the Agents' Warrants and the sale at the market price at the time of sale of any shares acquired by the Agents pursuant to their guarantee. The Agents may sell any shares acquired on the exercise of the Agents Warrants without further qualification. The Issuer will receive the proceeds from the exercise of the Agents' Warrants but will not receive any proceeds from the sale of any such shares by the Agents, all of which proceeds will accrue to the Agents.

#### USE OF PROCEEDS TO ISSUER

The net proceeds to be derived by the Issuer from the Offering is \$201,000.00. The net proceeds less the working capital

deficit of approximately \$68,960(2)(3), as of December 20, 1990, will be applied as set out in the following summary of expenditures:

To carry out the balance of the Stage I program on the Kurtis Property budgeted at \$110,000 as described in the report of Peter G. Dasler, M.Sc, F.G.A.C., dated February 29, 1988 and updated January 9, 1989 .	\$ 71,000.00
To provide a reserve for Corporate Working Capital	<u>\$ 61,040.00</u> (1)
TOTAL	<u><u>\$132,040.00</u></u>

(1) Any proceeds received from the exercise of any Agents' Warrants shall accrue to corporate working capital. Corporate working capital will be used to defray normal administration costs, to maintain the Property in good standing, for further mineral property acquisitions by staking and recording, purchase or option as the Directors of the Company may determine and to create a reserve for Stage II on the Kurtis Property in the event results from Stage I warrant the same.

(2) The Issuer has been effectively dormant since July 31, 1990. The July 31, 1990 financial statements show a working capital deficit of \$98,960. This working capital deficit has been reduced to \$68,960 reflecting the fact that since July 31, 1990, \$5,000 of debt has been written off, \$28,000 of accounts payable has been converted from current debt to long term debt and the Issuer has increased its accounts payable by approximately \$3,000.

(3) Since July 31, 1990, the Issuer has incurred the following expenses:

(a) accounting and bookkeeping	\$ 1,400
(b) interest on outstanding accounts	<u>1,600</u>
TOTAL	<u><u>\$ 3,000</u></u>

In addition, the Issuer has entered into the following financial arrangements:

(a) Pursuant to an agreement dated December 18, 1990, David Konnert, an executive officer, has agreed to convert \$20,000 of his accrued management fees from a current liability to a long term liability. This amount will not become due and payable until one year plus a day from the date the Issuer's shares are posted and called for trading on the Vancouver Stock Exchange. This long term debt will bear interest at



bank prime plus 1% per annum which will not come due until the principal sum of \$20,000 is paid.

- (b) Pursuant to an agreement dated December 18, 1990, David Konnert has agreed to amend his management agreement with the Issuer to provide that management fees be terminated on July 31, 1990. After the Issuer is listed on the Exchange, a new management agreement will be negotiated subject to the approval of the Vancouver Stock Exchange. See "Executive Compensation".
- (c) Pursuant to an agreement dated December 17, 1990, a creditor of the Issuer has agreed to write off \$5,000 of its account and to convert \$8,000 of its account from a current liability to a long term liability. This amount will not become due and payable until one year plus a day from the date the Issuer's shares are posted and called for trading on the Vancouver Stock Exchange. This long term debt will bear interest at prime plus 1% per annum which will not come due until the principal sum of \$8,000 is paid.

The proceeds from the sale of the shares are intended to be used for the purposes set forth above. The Issuer will not discontinue or depart from the recommended program of work unless advised in writing by its consulting engineer to do so. Should the Issuer contemplate any such changes or departure, notice thereof will be given to all shareholders. If such a change occurs during the primary distribution of securities pursuant to this Prospectus, an amendment hereto will be filed.

In the event of any material change in the affairs of the Issuer during the primary distribution of the shares offered by this Prospectus, an amendment to this Prospectus will be filed. Following completion of the primary distribution of the shares offered by this Prospectus, shareholders will be notified of changes in the affairs of the Issuer in accordance with the requirements of the appropriate regulatory authorities.

No part of the proceeds shall be used to invest, underwrite or trade in, securities other than those that qualify as investments in which trust funds may be invested under the laws of the jurisdictions in which securities offered by this Prospectus may be lawfully sold. Should the Issuer intend to use the proceeds to acquire other than trustee type securities after initial distribution of the securities offered by this Prospectus, approval by the Shareholders of the Issuer must first be obtained, and notice of the intention filed with the regulatory securities bodies having jurisdiction of the sale of the securities offered by this Prospectus.

SALES OTHERWISE THAN FOR CASH

None of the securities being offered hereunder are being offered otherwise than for cash.

SHARE AND LOAN CAPITAL STRUCTURE

The Issuer is authorized to issue 10,000,000 common shares without nominal or par value. There is only one kind and class of share and each share ranks equally as to dividends, voting rights, participation in assets and in all other respects.

Designa- tion of Security	Share Capital Authorized	Outstanding as at July, 31, 1990	Outstanding as of the date of this Prospectus	Outstanding on completion of Offering
Common	10,000,000	1,321,400	1,321,400(3)	1,991,400(1)(2)

- (1) This figure does not include any shares which may be issued on the exercise of the Agents' Warrants, more particularly described under "Plan of Distribution", nor does it include any shares which may be issued on the exercise of incentive stock options more particularly described under "Options to Purchase Securities".
- (2) As at July 31, 1990, the Issuer had a deficit of \$62,049.
- (3) This figure includes 404,000 flow-through common shares sold in the non-reporting stage.

The Issuer has no secured indebtedness or indebtedness that will extend beyond one year except for the sum of \$28,000. For more details see "Use of Proceeds to Issuer".

NAME AND INCORPORATION OF ISSUER

The Issuer was incorporated in the Province of British Columbia by registration of Memorandum and Articles on the 21st day of October, 1987 under the name "Parkwood Resources Ltd." pursuant to Certificate of Incorporation Number 335,067. The Issuer subsequently changed its name to "Pinewood Resources Ltd." pursuant to a special resolution filed and registered with the Registrar of Companies for the Province of British Columbia on the 29th day of September, 1988.

The Registered Office of the Issuer is #900 - 777 Hornby Street, Vancouver, British Columbia, V6Z 1S4, and the Records Office of the Issuer is #900 - 777 Hornby Street, Vancouver, British

Columbia, V6Z 1S4. The Head Office of the Issuer is #530 - 800 West Pender Street, Vancouver, British Columbia, V6C 2V6.

DESCRIPTION OF BUSINESS AND PROPERTY OF ISSUER

The Business

The Issuer is a natural resource issuer engaged in the acquisition, exploration and development of mining properties. The Issuer has interests in the properties described below under the heading "The Property." The Issuer intends to seek and acquire additional properties worthy of exploration and development and participate in the development of its existing properties.

The Property

Kurtis and Blue Hawk #1 Claims

The Issuer entered into an Option Agreement (the "Option Agreement") dated the 27th day of October, 1987 with Trans-Arctic Explorations Ltd. (the "Optionor") of #815 - 850 West Hastings Street, Vancouver, British Columbia, V6C 1E2, wherein the Optionor granted an option to the Issuer to acquire a one hundred (100%) percent beneficial interest in and to the following recorded mineral claims located in the Vernon Mining Division, British Columbia:

<u>Name</u>	<u>Number of Units</u>	<u>Record Number</u>	<u>Expiry Date</u>
Kurtis	4	2249	March 20th, 1990
Blue Hawk #1	20	2389	November 18th, 1991

(hereinafter referred to as the "Optioned Property")

The Issuer has also acquired a 100% beneficial interest in and to the following recorded mineral claims located in the Vernon Mining Division, British Columbia:

<u>Name</u>	<u>Number of Units</u>	<u>Record Number</u>	<u>Expiry Date</u>
Kurtis #2	20	3118	February 19, 1992

(hereinafter referred to as the "Kurtis #2 Claim") (the Optioned Property and the Kurtis #2 Claim are collectively referred to as the "Kurtis Property")

Trans-Arctic Explorations Ltd. is at arm's length to the Issuer.

The Blue Hawk #1 was staked on October 31, 1987 and the Kurtis earlier in the summer, on March 17, 1987. These modified grid stakings overlie a two post claim more central to the Property called Spike 2 and Spike 4. The Spike 2 and Spike 4 are erroneously referred to in the report of Peter G. Dasler dated February 29, 1988 and updated January 9, 1990 as the Spike 1 and Spike 2. The Spike 2 was staked but never recorded by the Issuer. The Spike 4 was recorded but no work was done on the Property and it was allowed to lapse into the Blue Hawk #1 which is erroneously referred to in the report of Peter G. Dasler as the Blue Hawk. The Blue Hawk #1 overlapped the Kurtis and therefore the Issuer reduced the Kurtis from 16 units to 4 units on March 21, 1988. The Issuer thought the Blue Hawk #1 would cover the reduced ground but in fact some ground was left open due to a mistake as to where the LCP was located. When the Issuer became aware that the ground became open, it re-staked this ground as the Kurtis 2 as shown on the updated claim map.

The Issuer has the option to earn its one hundred (100%) percent interest in the Optioned Property by complying with the following terms and conditions of the Option Agreement:

- (a) By paying Ten Thousand (\$10,000.00) Dollars to the Optionor upon the execution of the Option Agreement (paid).
- (b) By issuing Twenty Thousand (20,000) shares in the capital of the Issuer within fourteen (14) days of the Issuer's shares being posted for trading on the Exchange.

In addition to the above, the following are the principal terms of the Option Agreement:

- (a) The Issuer granted the Optionor an irrevocable option to purchase Fifteen Thousand (15,000) common shares of the Issuer at a price which is the greater of:
  - (i) Forty (\$0.40) Cents per share; and
  - (ii) The primary price of the Issuer's shares issued pursuant to its initial offering to the public.

The option may be exercised at any time up to two (2) years from the date the Issuer's shares are posted for trading on the Exchange or such shorter period as may be required by the Exchange or the Superintendent of Brokers.

- (b) During the option period the Issuer must maintain the Kurtis Property free and clear of all liens and charges arising from the Issuer's activities.

The Kurtis #2 Claim was staked on behalf of the Issuer by Robert W. Yorke-Hardy and was registered in the name of Robert W.

Yorke-Hardy who had delivered to the Issuer a fully executed Bill of Sale Absolute. The claim inadvertently lapsed so, David G. Mark, a director of the Issuer, through Searchlight Resources Inc., subsequently filed the assessment work with the Mining Recorder's Office and transferred the claims comprising the Kurtis Property into his own name. Mr. Mark has delivered to the Issuer a fully executed Bill of Sale with respect to the Kurtis Property. The Issuer is the beneficial owner of the Kurtis Property. The Issuer intends to register the Bill of Sale after the shares of the Issuer are listed, posted and called for trading on the Exchange.

#### Location and Access

The Kurtis Property is located approximately ten (10) kilometers north of Kelowna, British Columbia, on the west side of Okanagan Lake. Road access is via Westside and the Bear Creek Road, then by logging truck up the west side of the Blue Grouse Mountain. The main adit and showing on the Property all have good 4X4 road access.

#### History of Exploration and Summary of Previous Work

The Kurtis Property covers old trenches and underground workings of the Blue Hawk Mine reported in the B.C. Minister of Mines Report for 1933, 1934, 1935 and 1938. Several quartz veins ranging from narrow fracture fillings to veins four feet wide were explored by the Blue Hawk Syndicate in 1933.

The only production from the property (1935) was reported at 5 tons grading 1.0 opt gold and 3.6 opt silver. The latter apparently was obtained from the Blue Hawk adit, which consists of about 300 feet of underground workings .

Since 1965, the mine and surroundings have been held by two separate groups. The first was Dawood Mines, (1965 - 1980), and the second was fronted by N.C. Lenard, P. Eng., during the period 1980 - 1986.

Work done by Dawood Mines consisted of trenching, linecutting and grid preparation. A magnetometer survey, geological mapping and geochemical soil sampling were also completed in 1969, 1972 and 1974. Minor scaling of the main adit walls and roof was also undertaken. The surface exploration work detailed a number of soil geochemical anomalies.

Lenard's work consisted of further geochemical and geophysical work at various "sites" and further stripping of veins, as well as some reconnaissance mapping.

Both these groups identified high grade gold mineralization in quartz veins in the diorite, and at contacts with metasediments.

There is a general consensus in their reports, however, that the mineralization is "spotty" and discontinuous. No drilling was attempted during the previous exploration.

#### Work done by the Issuer

In November, 1987 the Issuer commenced exploration and development work. A hydraulic excavator was used to open up as much of the vein shear system as possible. This was followed by mapping and sampling of the system, paying particular attention to structural attitudes, mineralization and alteration patterns. Approximately 600 linear meters of trenches were excavated for geological purposes. Additional to this was the road access to put in some of these trenches.

In January and February 1989, further drilling and trenching were commenced on a geophysical anomaly in an area peripheral to the area of interest. The 1989 exploration program was planned to investigate the anomalous resistivity results obtained from the geophysical survey carried out in January-February, 1988. This geophysical survey was carried out over an area of old workings, which cover much of the central portion of the Kurtis 2 claim.

A trenching program was planned to investigate the east end of the east-west trending resistivity low. The trenching of the resistivity low and the exposure of alteration zones was intended to be a precursor to the diamond drilling of this alteration. The trenching program was carried out between February 10-15, 1989. Two trenches were excavated over a distance of 108 meters. Alteration zoning was not found.

The diamond drilling program was planned to investigate the west end of the east-west trending resistivity low.

A total of 244.8 meters of NQ diamond drilling was carried out in three drill holes, from February 19-23, 1989. The three holes were drilled from one set up on the Kurtis 2 claim.

Pertinent sections of the drill core were split and 24 core samples, with an approximate weight of 3 kg, were taken. Details of the diamond drill holes and sample results can be found by referring to the letter dated June 15, 1989 from Searchlight Consultants Inc., a copy of which is included herein following this Prospectus. None of the samples contained detectable gold; the detection limit was 5ppb gold.

The Issuer has done no work on the Kurtis Property since February, 1989.

### Recommendations

A sampling program was carried out and the programme indicated that there were at least three areas that produced samples in excess of 1 opt gold.

A geophysical survey was carried out by Geotronic Surveys Ltd., a company controlled by David Mark, a Director of the Issuer, using resistivity and IP/chargeability. The results from the geophysical programme identified strong chargeability anomalies on the property, and further areas of high resistivity that could be associated with other vein systems.

The most well defined, near surface anomaly was chosen for excavation and mapping. This anomaly was shown to be caused by a silicified shear within the diorite. Assays of samples from this shear gave 0.084 opt gold at the trench (chip sample), and 2.010 opt gold (plus 11.8 opt silver) along strike (grab sample). An adjacent area has shown a value of 4.5 opt gold from .10 meter channel sample.

The total cost of the exploration and development work done by the Issuer was \$105,807.

The Issuer's consulting geologist Peter G. Dasler, M.Sc, F.G.A.C., of Searchlight Resources Inc., in his report dated February 29, 1988 and updated January 9, 1989, recommended a Phase I exploration programme whereby geophysical targets identified in the earlier programme would be drill tested and assayed at an estimated cost of \$110,000.00. As a result of the \$39,000.00 expenditures made in January and February 1989, the balance of the program will be \$71,000.00. For further information on the proposed business plans of the Issuer, please refer to the Technical Report and letter of F. Marshall Smith dated September 24, 1990, copies of which are included herein following this Prospectus.

Dependent upon the results of Phase I, a second Phase programme consisting of geophysical survey, assaying, drilling and mill testing is recommended at an estimated cost of \$190,000. The funds required for the Phase II program would be dependent upon a subsequent offering of shares of the Issuer.

There is no surface or underground plant and equipment on the Kurtis Property.

THERE IS NO KNOWN BODY OF COMMERCIAL ORE ON THE KURTIS PROPERTY AND THE PROPOSED PROGRAM MUST BE CONSIDERED AN EXPLORATORY SEARCH FOR ORE.

RISK FACTORS

The shares offered by this Prospectus must be considered speculative, generally because of the nature of the Issuer's business. In particular:

- A. There is no known body of ore on the Issuer's mineral property. The purpose of the present offering is to raise funds to carry out further exploration with the objective of establishing ore of commercial tonnage and grade. If the Issuer's exploration programs are successful, additional funds will be required for the development of an economic ore body and to place it in commercial production. The only source of future funds presently available to the Issuer is through the sale of equity capital. The only alternative for the financing of further exploration would be the offering by the Issuer of an interest in its property to be earned by another party or parties carrying out further exploration or development thereof, which is not presently contemplated.
- B. There is no established market for the shares of the Issuer.
- C. The Issuer's property consists of recorded mineral claims. No surveys of the claims have been made other than disclosed herein and in accordance with the mining laws of the jurisdictions in which the claims are situate, their precise location and area may be doubtful.
- D. Exploration for minerals is a speculative venture necessarily involving some substantial risk. There is no certainty that the expenditures to be made by the Issuer in the acquisition of the interests described herein will result in discoveries of commercial quantities of ore. Hazards such as unusual or unexpected formations and other conditions are involved. The Issuer may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. The payment of such liabilities may have a material adverse effect on the Issuer's financial position. If production is obtained, prices received are subject to market fluctuations.
- E. The mining industry in general is intensely competitive and there is no assurance that even if commercial quantities of ore are discovered, a ready market will exist for the sale of same. Factors beyond the control of the Issuer may affect the marketability of any substances discovered.
- F. The existence of title reports should not be construed to mean that the Issuer has good and marketable title to the property described in this Prospectus. The Issuer follows



usual industry practice in obtaining title reports with respect to its property.

- G. The following table reflects the dilution which will result from the purchase of Common Shares under this Offering.

**Dilution Per Share**

Offering Price (Per Common Share)	\$0.35
Net Tangible Book Value after the Distribution	\$0.1103
Dilution to Subscribers	\$0.2397
Percentage of Dilution in Relation to the Offering Price	68.49%

- H. Upon completion of the Offering, but without giving effect to the Agents' Warrants, this issue will represent 33.64% of the outstanding shares of the Issuer. The shares now owned by controlling persons, Promoters, Directors, Senior Officers, substantial security holders, as defined in the British Columbia Securities Act and Underwriters for cash, property and services (assuming no further purchases by such persons under the Offering) represent 50.94% of the shares which will be issued and outstanding on completion of the Offering. Refer to the heading "Principal Holders of Securities" herein for details of shares held by Underwriters.
- I. Reference is made to "Directors and Officers" concerning possible conflicts of interest involving Directors and Officers of the Issuer.

**ACQUISITIONS**

The Issuer has disclosed all material acquisitions and dispositions under the heading "Description of Business and Property of the Issuer". These acquisitions will only have a favourable impact on the operating results and financial position of the Issuer in the long term and only if a commercial mine is developed on the Property or development of the Property reaches a stage where the Issuer is able to option an interest in the Property to a third party for valuable consideration.

**PROMOTERS**

David Konnert, President and Director of the Issuer, and David Mark, Director of the Issuer, are the Promoters of the Issuer in

accordance with Section 1(1) of the Securities Act. See "Executive Compensation" which discloses the nature and amount of anything of value received or to be received by the Promoters. David Konnert has been granted 94,570 employee incentive stock options and David Mark has been granted 94,570 director incentive stock options. See "Options to Purchase Securities" hereunder for particulars of stock option granted to the Promoters.

The Promoters have purchased shares in the Issuer for cash as follows:

DAVID EDWARD KONNERT	14,400	\$0.25	\$3,600.00
	375,000	\$0.01	\$3,750.00
DAVID GEORGE MARK	375,000	\$0.01	\$3,750.00

#### LEGAL PROCEEDINGS

The Issuer and its property are not parties to any legal proceedings, nor, to the knowledge of the Issuer, are there any such proceedings contemplated.

#### ISSUANCE OF SHARES

The shares being offered are without par value. The issuance of the shares is under the control of the Directors who may allot or otherwise dispose of the shares in such manner and upon such terms and conditions and at such price or for such consideration, subject to Regulatory Approval, as the Directors in their absolute discretion may determine. As long as the Issuer is a reporting company, there is no requirement to offer the shares pro rata to the existing members. No share shall be issued until the Issuer has received the full consideration therefor in cash, property or services. The Issuer may, by resolution of the Directors and subject to the provisions of the B.C. Company Act and the specific provisions of any special rights or restrictions attached to the shares, purchase or otherwise acquire any of its shares provided at the time of the proposed purchase or acquisition the Issuer is not insolvent or likely to be rendered insolvent by such purchase or acquisition and subject to any requirements of any regulatory authority that may govern. There is no right of redemption, retraction or conversion attached to the shares. The Issuer may, pursuant to the provisions of the B.C. Company Act, by special resolution, alter its memorandum or articles by varying or abrogating any special rights or restrictions attached to the shares. With respect to voting, on a show of hands, every individual who is present as a member or as a proxyholder of a member shall have one (1) vote and, on a poll, every member shall have one (1) vote for each share of which he

is a registered holder and may exercise such vote either in person or by proxyholder. The Directors may declare dividends and fix the date of record therefor and the date for payment therefor, and all dividends shall be declared according to the number of shares held.

#### DIVIDEND RECORD

There have been no dividends paid by the Issuer.

#### DIRECTORS AND OFFICERS

The principal occupations of the Directors and Officers of the Issuer during the past five (5) years are as follows:

<u>Name/Address/ Office(s) Held</u>	<u>Principal Occupation During Last Five (5) Years</u>
DAVID EDWARD KONNERT * 548 Seashell Drive Tsawwassen, B.C. V4L 2K8 Director, President and Chief Executive Officer	Self-employed Consultant, 1986 to present; President of Triple Star Resources Corp., May, 1986 to present; Sales Manager, Real Estate Sales, Montreal Trust, June 1984 to January, 1986; student at U.B.C. prior to June, 1984.****
DAVID GEORGE MARK * 6204 - 125th Street Surrey, B.C. V3W OM9 Director	Self-employed Geophysicist for Geotronic Surveys Ltd. since 1969. **
MAX SUCHAROV * 1929 Quilchena Cr. Vancouver, B . C . V6M 1C9 Director	Self-employed Psychiatrist 1976 to present, practiced in Winnipeg from 1976 - 1984 and practiced in Vancouver since 1984.
ALICE USHER 2002 Quilchena Cr. Vancouver, B.C. V6M 1E3 Secretary and Chief Financial Officer	Self-employed Accountant since 1979. ***

\* denotes a member of the Audit Committee.

\*\* Mr. Mark is currently director of four other companies, Allan Resources Inc., Alta Ventures Inc., Antelope Resources Inc. and Triple Star Resource Corp. He is also secretary of Triple Star Resource Corp. Mr. Mark has also been a director, officer or

promoter of Unique Resource Corp. from 1986-1989, Anglo American Resource Corp. from 1987-1989, Mustang Resources Inc. from 1983-1988, International Sterling Holdings Inc. in 1986, Heaston Resources Ltd. from 1984-1986, Golden Chance Resources Inc. from 1983-1986, Burnt Island Gold Ltd. from 1983-1985, Acorn Resources Ltd. from 1980-1985 and Hawk Resources Ltd. from 1983-1985. A list of Mr. Mark's associations is available for inspection at the Issuer's records office upon request. Mr. Mark expects to devote between 10% to 40% of his time on the affairs of the Issuer depending upon the developments of the Issuer.

\* Ms. Usher is director and secretary of Unique Resources Ltd.

\*\* Mr. Konnert is director and President of Triple Star Resource Corp.

Some of the Officers and Directors of the Issuer are engaged in business similar to the business carried on by the Issuer, either individually or through corporations in which they have a majority interest, hold an office or serve on the Board of Directors. Officers and Directors of the Issuer may be presented, from time to time, with situations or opportunities which give rise to apparent conflicts of interest which cannot be resolved by arm's-length negotiations but only through exercise by the Officers and Directors of such judgment as is consistent with their fiduciary duties to the Issuer which arise under the British Columbia statutory laws and general corporate law.

All Officers and Directors are aware of their fiduciary responsibilities under British Columbia corporate law, especially insofar as taking advantage, directly or indirectly, of information or opportunities acquired in their capacities as Officers and Directors of the Issuer. Any transactions with Officers and Directors will only be on the terms consistent with industry standards, and sound business practice in accordance with the fiduciary duties of those persons to the Issuer, and depending upon the magnitude of the transactions and the absence of any disinterested board members, the transactions may be submitted to the shareholders for their approval in the absence of any independent board members.

#### EXECUTIVE COMPENSATION

##### Executive Officers

The Issuer has two Executive Officers. During the most recent fiscal period:

(a) There has been no cash compensation paid or accrued to the Issuer's Executive Officers by the Issuer to date for services rendered save and except the aggregate amount of \$40,500 has been

paid to David Konnert pursuant to a Management Agreement dated the 28th day of October, 1987, between David Konnert and the Issuer whereby the Issuer agreed to pay to David Konnert the sum of One Thousand and Five Hundred (\$1,500.00) Dollars per month, commencing on the 1st day of November, 1987 and terminating when the Issuer becomes a public company and is listed on the Exchange, in consideration of David Konnert providing management services to the Issuer. Pursuant to an agreement dated December 18, 1990, the Management Agreement was amended to provide that management fees be terminated on July 31, 1990. After the Issuer is listed on the Exchange, a new Management Agreement will be renegotiated with David Konnert subject to the approval of the Vancouver Stock Exchange.

(b) The Executive Officers did not receive by way of payment or distribution any other cash or non-cash compensation pursuant to a plan, or otherwise other than stock options granted as follows:

<u>Name of Optionee</u>	<u>Type of Option</u>	<u>Number of Option Shares</u>
DAVID E. KONNERT	Employee	94,570 shares
ALICE USHER	Employee	5,000 shares

and more particularly described under "Options to Purchase Securities";

(c) There are no plans or arrangements for the compensation of Executive Officers in the event of their termination of employment or a change of responsibilities following a change of control.

#### Directors

During the most recently completed financial period:

(a) There has been no cash compensation paid to the Issuer's Directors to date for services rendered save and except indirectly in the aggregate amount of \$31,160 paid to Geotronic Surveys Ltd., a private issuer controlled (as to over 50%) by David Mark, in consideration of Geotronic Surveys rendering services to the Issuer for the period November, 1987 to July 31, 1988.

(b) There was no arrangement, standard or otherwise for cash or non-cash compensation, pursuant to which Directors were

compensated by the Company in their capacity as Directors other than the granting of the stock options as follows:

<u>Name of Optionee</u>	<u>Type of Option</u>	<u>Number of Option Shares</u>
DAVID GEORGE MARK	Director	94,570 shares
MAX SUCHAROV	Director	5,000 shares

and more particularly described under "Options to Purchase Securities".

#### INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS

No Director, Senior Officer, proposed nominee for election as a Director of the Issuer or associate or affiliate of any such Director, Senior Officer or proposed nominee is or has been indebted to the Issuer since the beginning of the last fiscal period of the Issuer.

#### OPTIONS TO PURCHASE SECURITIES

As of the date of this Prospectus, there are 199,140 incentive stock options (the "Stock Options") outstanding in the capital stock of the Issuer. All of the Stock Options were granted by the Issuer pursuant to agreements dated the 14th day of July, 1988. Mr. Konnert's and Mr. Mark's agreements were amended on the 19th day of July, 1989. The particulars of the options are as follows:

<u>Option Group</u>	<u>Number In Group</u>	<u>No. of Shares Under Option</u>	<u>Exercise Price</u>
Executive Officers	2	99,570	\$0.35
Directors (excluding the above)	2	99,570	\$0.35
Employees (excluding the above)	0	N/A	N/A

All of the Stock Options are exercisable while the holders thereof retain their positions with the Issuer, and for a period of thirty (30) days thereafter, for a five (5) year period commencing on the date that a final receipt is issued by the Superintendent in respect of the offering set out in this Prospectus.

There was no market for the Issuer's shares at the time the said Stock Options were granted and the market value as of that date has been estimated based upon the proposed public offering price.

#### ESCROWED SHARES

<u>Designation of Class</u>	<u>Number of Shares Held in Escrow</u>	<u>Percentage of Class</u>
Common Shares	750,000	56.76%

(1) these 750,000 common shares of the Issuer (the "Escrowed Shares") are held in escrow by Pacific Corporate Trust Company of 830-625 Howe Street, Vancouver, British Columbia pursuant to an Escrow Agreement - Principals' Shares dated for reference the 12th day of April, 1990 (the "Escrow Agreement"), subject to the direction or determination of the Superintendent of Brokers or the Vancouver Stock Exchange (collectively, the "Regulatory Authorities"). The Escrow Agreement provides that the Escrowed Shares shall not be sold, assigned, hypothecated, alienated, released from escrow, transferred within escrow or otherwise in any manner dealt with, without the consent of the Regulatory Authorities.

The Escrow Agreement acknowledges that a portion of the consideration for the issuance of the Escrowed Shares is to encourage the holders thereof to act in the best interests of the Issuer and if the Issuer becomes successful due in part to the efforts of the escrow shareholders, or any one of them, the holders of the Escrowed Shares shall be entitled to maintain their ownership in and to a release of the Escrowed Shares from the terms of the Escrow Agreement from time to time in accordance with the general policies of the Regulatory Authorities. The complete text of the Escrow Agreement is available for inspection at the office of Pacific Corporate Services Limited of 830 - 625 Howe Street, Vancouver, British Columbia.

#### PRINCIPAL HOLDERS OF SECURITIES

As of the date of this Prospectus the following table sets forth the number of shares owned of record or beneficially, directly or

indirectly, by each person who owns of Record, or is known by the Issuer to own beneficially, directly or indirectly, more than 10% of the Issuer's shares:

<u>Name and Address</u>	<u>Designation of Class</u>	<u>Type of Ownership</u>	<u>No. of Shares Owned</u>	<u>Percentage of Shares Outstanding</u>
DAVID EDWARD KONNERT 548 Seashell Dr. Tsawwassen, B.C. V4L 2K8	Common	Of Record Beneficially, Escrowed	375,000 ) ) )	29.47%
		Of Record Beneficially Free Trading	14,400 ) ) )	
DAVID GEORGE MARK 6204-125th St. Surrey, B.C. V3W 0M9	Common	Of Record Beneficially, Escrowed	375,000 ) ) )	28.38
MAX SUCHAROV 1929 Quilchena Cr. Vancouver, B.C. V6M 1C9	Common	Of Record Beneficially Free Trading	240,000 ) ) )	18.16%

The total number and percentage of the Issuer's shares beneficially owned, directly or indirectly, by all Directors and Senior Officers, as a group are:

<u>Number and Designation of Class</u>	<u>Percentage of Class</u>
1,014,400 Common Shares	76.77%

On completion or the sale of all the Shares offered by this Prospectus, the Directors and Senior Officers will hold 50.94% of the issued shares of the Issuer.

The total number and percentage of the Issuer's shares beneficially owned, directly or indirectly, by "Underwriters" as defined in Local Policy 3-30 of the British Columbia Securities Commission, as a group are:

<u>Number and Designation of Class</u>	<u>Percentage of Class</u>
9,000 Common Shares	0.68%



The "Underwriters" paid the sum of \$0.25 per share for their shares.

On completion of the sale of all the shares offered by this Prospectus, the "Underwriters" will hold 0.45% of the issued shares of the Issuer.

#### PRIOR SALES

The following summarizes shares sold for cash by the Issuer since the date of incorporation:

<u>Number Of Shares</u>	<u>Price</u>	<u>Cash Received</u>
750,000	\$0.01	\$ 7,500.00
571,400	\$0.25	\$142,850.00

Reference is made to "Principal Holders of Securities" for sales made to insiders or their associates. Reference is made to "Options to Purchase Securities" for details on stock options granted by the Issuer.

#### INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The Directors and Senior Officers and the greater than 10% shareholders of the Issuer and their associates and affiliates have no material interest, direct or indirect, in any transaction which has materially affected or will materially affect the Issuer, save and except as disclosed in this Prospectus and in particular, matters discussed under "Description of Business", "Executive Compensation", "Options to Purchase Securities", "Principal Holders of Securities" and elsewhere herein.

#### AUDITORS, TRANSFER AGENTS AND REGISTRARS

The auditors of the Issuer are Morgan & Company, Chartered Accountants, of Suite 1210, 675 West Hastings Street, Vancouver, British Columbia.

The Registrar and Transfer Agent of the Issuer is Pacific Corporate Trust Company of 830 - 625 Howe Street, Vancouver, British Columbia.

MATERIAL CONTRACTS

Except for contracts made in the ordinary course of business of the Issuer, the only material contracts entered into by the Issuer since incorporation are as follows:

- (a) Property Purchase Agreement re: Kurtis Property referred to under the item captioned "Description of Business";
- (b) Bill of Sale Absolute with respect to the Kurtis Property referred to under "Description of Business";
- (c) Escrow Agreement, referred to under the item captioned "Escrowed Shares";
- (d) Stock Option Agreements, referred to under the item captioned "Options to Purchase Securities";
- (e) Agency Agreement and Extension Agreements, referred to under the item captioned "Plan of Distribution";
- (f) Management Agreement, referred to under the item captioned "Executive Compensation";
- (g) Agreement dated December 17, 1990, referred to under the item captioned "Use of Proceeds to Issuer";
- (h) Agreement dated December 18, 1990, referred to under the item captioned "Use of Proceeds to Issuer".

The foregoing contracts may be inspected during the distribution of the securities being offered under this Prospectus at #900 - 777 Hornby Street, Vancouver, British Columbia.

OTHER MATERIAL FACTS

The Issuer agreed to expend, pursuant to various flow-through share subscription agreements, a total of \$101,000.00 on behalf of various subscribers on the exploration of mining properties in which the Issuer has an interest, such that all such expenditures made by the Issuer qualify as Canadian Exploration Expenses for the purposes of the Income Tax Act (Canada). In consideration for these expenditures, the Issuer has allotted 404,000 fully paid and non-assessable shares in its capital stock at \$0.25 per share. A Director and the Secretary of the Issuer subscribed for 250,000 of the total flow-through subscriptions.

The Vancouver Stock Exchange conditionally listed the securities of the Issuer in July 1989. The listing was subject to the Issuer fulfilling all the listing requirements of the Vancouver Stock

Exchange on or before January 15, 1990. The Issuer was unable to meet these requirements and as a result the Issuer's application for listing was withdrawn and the conditional listing status was revoked by the Vancouver Stock Exchange.

There are no other material facts relating to the securities offered hereunder which are not otherwise disclosed herein.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

The British Columbia Securities Act provides a purchaser with a right to withdraw from an agreement to purchase securities within two (2) business days after receipt or deemed receipt of a prospectus and further provides a purchaser with remedies for rescission or damages where the prospectus and any amendment contains a material misrepresentation or is not delivered to the purchaser prior to delivery of the written confirmation of sale or prior to midnight on the second business day after entering into the agreement, but such remedies must be exercised by the purchaser within the time limit prescribed. For further information concerning these rights and the time limits within which they must be exercised, the purchaser should refer to Sections 66, 114, 118 and 124 of the Securities Act or consult a lawyer.

PINEWOOD RESOURCES LTD.

FINANCIAL STATEMENTS

JULY 31, 1990, JULY 31, 1989

AND JULY 31, 1988

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# Morgan & Company

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Chartered Accountants

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1210 - 675 West Hastings Street  
Vancouver, B.C. V6B 1N2  
Telephone (604) 687-5841  
Fax (604) 687-0075

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## AUDITORS' REPORT

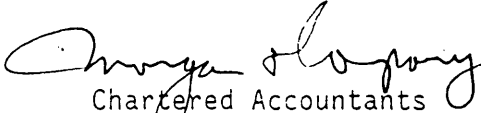
To the Shareholders of  
Pinewood Resources Ltd.

We have examined the balance sheets of Pinewood Resources Ltd. as at July 31, 1990, July 31, 1989 and July 31, 1988 and the statements of deferred exploration expenditures, operations and deficit and changes in financial position for the period ended July 31, 1988 and the years ended July 31, 1989 and 1990. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at July 31, 1988, July 31, 1989 and July 31, 1990 and the results of its operations and the changes in its financial position for the period ended July 31, 1988 and the years ended July 31, 1989 and 1990 in accordance with generally accepted accounting principles applied on a consistent basis.

Vancouver, Canada

October 2, 1990

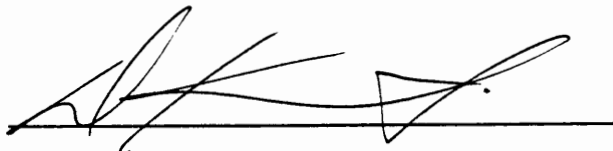
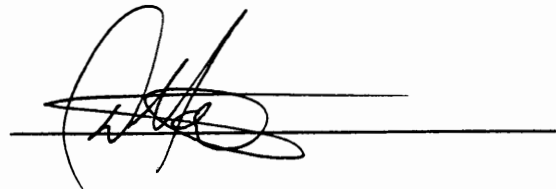
  
Chartered Accountants

PINEWOOD RESOURCES LTD.

BALANCE SHEET

	<u>July 31,</u> <u>1990</u>	<u>July 31,</u> <u>1989</u>	<u>July 31,</u> <u>1988</u>
<b>ASSETS</b>			
<b>CURRENT</b>			
Cash	\$ 1	\$ 12	\$ 2,982
Advance	-	-	500
Exploration advance	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>
	5,001	5,012	8,482
DEFERRED SHARE ISSUE COSTS (Note 2)	69,629	20,798	6,000
MINERAL PROPERTY (Note 3)	10,000	10,000	10,000
DEFERRED EXPLORATION EXPENDITURES	<u>107,632</u>	<u>105,807</u>	<u>66,807</u>
	<u>\$ 192,262</u>	<u>\$ 141,617</u>	<u>\$ 91,289</u>
<b>LIABILITIES</b>			
<b>CURRENT</b>			
Accounts payable	\$ 93,607	\$ 19,919	\$ 757
Loans payable (Note 5)	<u>10,354</u>	<u>7,150</u>	<u>-</u>
	<u>103,961</u>	<u>27,069</u>	<u>757</u>
<b>SHAREHOLDERS' EQUITY</b>			
<b>SHARE CAPITAL (Note 4)</b>			
Authorized 10,000,000 common shares without par value			
Issued 1,321,400 common shares (1988 - 1,299,400 common shares)	150,350	150,350	105,850
DEFICIT	<u>(62,049)</u>	<u>(35,802)</u>	<u>(15,318)</u>
	<u>88,301</u>	<u>114,548</u>	<u>90,532</u>
	<u>\$ 192,262</u>	<u>\$ 141,617</u>	<u>\$ 91,289</u>

Approved by the Directors:

PINEWOOD RESOURCES LTD.

STATEMENT OF DEFERRED EXPLORATION EXPENDITURES

	Year Ended July 31, <u>1990</u>	Year Ended July 31, <u>1989</u>	Period Ended July 31, <u>1988</u> (Note 7)
EXPLORATION EXPENDITURES			
Geophysical survey	\$ -	\$ -	\$ 31,160
Drilling	-	18,991	-
Wages	-	8,799	15,194
Contract work	-	2,930	3,735
Assays	-	398	2,028
Office and sundry	-	489	2,876
Room and board	-	1,253	794
Supplies	-	275	350
Equipment rental	-	3,584	6,330
Travel	-	1,393	1,792
Drafting, maps	<u>1,825</u>	<u>888</u>	<u>2,548</u>
	<u>1,825</u>	<u>39,000</u>	<u>66,807</u>
DEFERRED EXPLORATION EXPENDITURES, BEGINNING OF YEAR	<u>105,807</u>	<u>66,807</u>	<u>-</u>
DEFERRED EXPLORATION EXPENDITURES, END OF YEAR	<u>\$ 107,632</u>	<u>\$ 105,807</u>	<u>\$ 66,807</u>

PINEWOOD RESOURCES LTD.

STATEMENT OF OPERATIONS AND DEFICIT

	Year Ended July 31, <u>1990</u>	Year Ended July 31, <u>1989</u>	Period Ended July 31, <u>1988</u> (Note 7)
REVENUE			
Interest income	\$ <u>-</u>	\$ <u>498</u>	\$ <u>253</u>
EXPENSES			
Audit and accounting	2,681	763	230
Interest and bank charges	2,616	915	-
Legal	2,000	429	1,266
Management fees	18,000	18,000	13,500
Office and sundry	950	875	575
	<u>26,247</u>	<u>20,982</u>	<u>15,571</u>
LOSS FOR THE YEAR	26,247	20,484	15,318
DEFICIT, BEGINNING OF YEAR	<u>35,802</u>	<u>15,318</u>	<u>-</u>
DEFICIT, END OF YEAR	\$ <u>62,049</u>	\$ <u>35,802</u>	\$ <u>15,318</u>



PINEWOOD RESOURCES LTD.

STATEMENT OF CHANGES IN FINANCIAL POSITION

	Year Ended July 31, 1990	Year Ended July 31, 1989	Period Ended July 31, 1988 <u>(Note 7)</u>
OPERATING ACTIVITIES			
From operations			
Loss for the year	\$(26,247)	\$(20,484)	\$ (15,318)
Net decrease in non-cash working capital items	<u>76,892</u> <u>50,645</u>	<u>26,812</u> <u>6,328</u>	<u>(4,743)</u> <u>(20,061)</u>
INVESTING ACTIVITIES			
Mineral property Exploration expenditures	- <u>(1,825)</u> <u>(1,825)</u>	- <u>(39,000)</u> <u>(39,000)</u>	(10,000) <u>(66,807)</u> <u>(76,807)</u>
FINANCING ACTIVITIES			
Deferred share issue costs Issue of shares for cash	(48,831) - <u>(48,831)</u>	(14,798) 44,500 <u>29,702</u>	(6,000) 105,850 <u>99,850</u>
DECREASE IN CASH	(11)	(2,970)	2,982
CASH, BEGINNING OF YEAR	<u>12</u>	<u>2,982</u>	<u>-</u>
CASH, END OF YEAR	\$ <u>1</u>	\$ <u>12</u>	\$ <u>2,982</u>

PINEWOOD RESOURCES LTD.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 1990, JULY 31, 1989 AND JULY 31, 1988

1. SIGNIFICANT ACCOUNTING POLICY

a) Mineral Property and Related Deferred Expenditures

The company defers all direct expenditures on mineral properties in which it has a continuing interest to be amortized over the productive period when a property reaches commercial production. On abandonment of any property, applicable accumulated deferred expenditures will be written off.

The amount shown for mineral property represents cost to date and does not necessarily represent present or future value.

b) Deferred Share Issue Costs

The company defers all costs incurred in connection with the issue of share capital to be offset against the consideration received as a result of the issue of shares from the treasury.

2. DEFERRED SHARE ISSUE COSTS

	<u>1990</u>	<u>1989</u>	<u>1988</u>
Legal	\$ 47,139	\$ 9,073	\$ 6,000
Audit and accounting	8,225	5,975	-
Regulatory authorities	10,425	5,750	-
Other	<u>3,840</u>	<u>-</u>	<u>-</u>
	\$ <u>69,629</u>	\$ <u>20,798</u>	\$ <u>6,000</u>

3. MINERAL PROPERTY

The company has entered into an option agreement to acquire a 100% interest in 2 mineral claims comprised of 24 units located in the Vernon Mining Division of British Columbia. Consideration for the acquisition of the claims is as follows:

- cash payment of \$10,000
- issuance of 20,000 shares within 14 days of the company being listed for trading on the Vancouver Stock Exchange.

PINEWOOD RESOURCES LTD.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 1990, JULY 31, 1989 AND JULY 31, 1988

3. MINERAL PROPERTY - continued

- the granting of an option to the vendor to acquire up to 15,000 shares at a minimum of \$0.40 per share for a period of two years from the date the company's shares are listed for trading on the Vancouver Stock Exchange.

Consideration paid to date

	<u>1990</u>	<u>1989</u>	<u>1988</u>
Cash	\$ <u>10,000</u>	\$ <u>10,000</u>	\$ <u>10,000</u>

4. SHARE CAPITAL

- a) Of the company's issued and outstanding shares 750,000 are held in escrow, their release being subject to the approval of the regulatory authorities.
- b) The company has granted director and employee stock options for the purchase of up to 199,140 shares at \$0.35 per share exercisable for a period of five years from the date of issuance of a receipt for the company's prospectus.
- c) During the year ended July 31, 1989 the company issued 22,000 shares for cash proceeds of \$5,500 and 156,000 flow-through shares for cash proceeds of \$39,000. In connection with the issuance of the flow-through shares the company incurred Canadian Exploration Expenditures (CEE) in an amount equal to the consideration received and renounced to the shareholders the tax benefits associated with the CEE incurred.
- d) During the period ended July 31, 1988 the company issued 895,400 shares for cash proceeds of \$43,850 and 248,000 flow-through shares for cash proceeds of \$62,000. In connection with the issuance of the flow-through shares the company incurred Canadian Exploration Expenditures (CEE) in an amount equal to the consideration received and renounced to the shareholders the tax benefits associated with the CEE incurred.

PINEWOOD RESOURCES LTD.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 1990, JULY 31, 1989 AND JULY 31, 1988

5. LOANS PAYABLE

	<u>1990</u>	<u>1989</u>	<u>1988</u>
Payable on demand with interest at 12%	\$ 5,650	\$ 5,650	\$ -
Payable on demand with interest at 15%	1,500	1,500	-
Payable on demand with interest free	<u>3,204</u>	<u>-</u>	<u>-</u>
	\$ <u>10,354</u>	\$ <u>7,150</u>	\$ <u>-</u>

6. RELATED PARTY TRANSACTIONS

1990

- a) During the year the company accrued as owing a total of \$18,000 to a director for management of the company's affairs.
- b) Of the loans payable described in Note 5, \$3,204 is owing to a director and \$5,650 is owing to a public company with common directors.
- c) During the year interest totalling \$827 was accrued as owing on the loans described in Note 5.

1989

- a) During the year the company paid or accrued as owing a total of \$18,000 to a director for management of the company's affairs.
- b) The loans payable described in Note 5 are owing to a director and a public company with common directors.
- c) During the year interest expense totalling \$565 was paid or accrued as owing on the loans described in Note 5.

1988

- a) During the period the company paid a total of \$13,500 to a director for management of the company's affairs.
- b) During the period the company paid \$31,160 to a company controlled by a director for fees and expenses relating to exploration work on the company's property.

PINEWOOD RESOURCES LTD.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 1990, JULY 31, 1989 AND JULY 31, 1988

7. COMPARATIVE FIGURES

The July 31, 1988 comparative figures are for the period from date of incorporation, October 21, 1987 to July 31, 1988.

**Searchlight Resources Inc.**  
218-744 West Hastings Street, Vancouver, British Columbia, Canada, V6C 1A5  
Phone: (604) 684-2361

**REPORT**

on the

**KURTIS PROPERTY  
VERNON MINING DISTRICT**

Latitude: 50°45'00"N

Longitude: 119°31'10"W

NTS:82E/13

for

**PINEWOOD RESOURCES LTD.**  
530-880 West Pender Street  
Vancouver, British Columbia  
Canada  
V6C 2C6

by

**Peter G. Dasler, M.Sc, F.G.A.C.**

**Original dated: February 29, 1988.**

**Updated: January 9, 1989.**

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APPENDIX 1 Previous work summary

APPENDIX 2 Assay Results

APPENDIX 3 Detailed description of the main centres of excavation

APPENDIX 4 Geophysical report



## SUMMARY

The Kurtis and Blue Hawk claims, ten kilometres north of Kelowna, B.C., cover old trenches and underground workings of the Blue Hawk Mine. These workings date from the 1930's, when 5 tons of 1.0 ounce per ton gold bearing rock was removed. This high grade gold mineralization was found in discontinuous quartz veins.

The property received intense geological, geophysical and geochemical work between 1965 and 1986 from Dawood Mines Ltd., and by N.C. Lenard, P.Eng<sup>3</sup>. The main workings lie in diorite within metasediments of Cache Creek age. A nearby granodiorite is most likely the feeder of the diorite, which appears sill-like in nature. Foliation and fracturing, with associated chloritization, is common within the area of the veining.

Excavator work near the Bluehawk adit, and further uphill, has exposed several vein systems which are oriented parallel to the trend of the Bluehawk Mine veins. These quartz veins sinuously pinch and swell, and obtain dimensions up to 12 metres long and 1.5 metres wide. Many are en-echelon and are separated by shears, which also run parallel to the veins. Four directions of shearing and quartz vein mineralization have been identified. The high grade gold values, (up to 4.5 ounces per ton), are found in the northwest and north shear systems.

Some samples from the trenches are relatively high in galena, chalcopyrite, and malachite, though not necessarily gold and silver mineralization. There may be some localization of gold values.

Alteration zones, indicating degassing events, can be seen near the veining and south of the main adit. These have zoned pyrite and calcite halos. Geophysical Resistivity and IP Chargeability traverses have delineated an anomalous zone along Jennie Creek, and indicated the possible extension of the known vein mineralization to depth.

There is good potential for mineable gold mineralization in the vein systems within the claim area.

A two phase exploration programme, mainly comprised of diamond drilling, is proposed to evaluate the present known vein systems, and to develop the geophysical targets along Jennie Creek. Stage I of this programme is budgeted at \$110,000, and Stage II at \$190,000.

## INTRODUCTION

This report was prepared at the request of Mr. David Konnert, President of Pinewood Resources Ltd (formerly Parkwood Resources Ltd). The report summarizes the history of the Kurtis mineral property, and details the recent exploration of the property.

## LOCATION AND ACCESS

The property is located approximately ten kilometres north of Kelowna, B.C., on the west side of Okanagan Lake. Road access is via Westside and the Bear Creek Road, then by logging track up the west side of Blue Grouse Mountain. Logging roads also extend along the east side of Blue Grouse Mountain and Wilson Landing. The first route mentioned is a forty minute drive from Kelowna.

The property is centred at 050°45'00"N latitude and 119°31'10"W longitude with the main workings north of Jennie Creek. This locality can be found in the northeast corner of NTS map 82E/13 (Peachland). The main adits and showings all have good 4X4 road access.

## PHYSIOGRAPHY AND VEGETATION

The topography on the eastern side of the claims is moderately steep, but, adjacent to the workings, and to the west, the countryside is more subdued. The area is covered mainly with scattered pines and light underbrush. Elevations vary around 1060-1280 m.

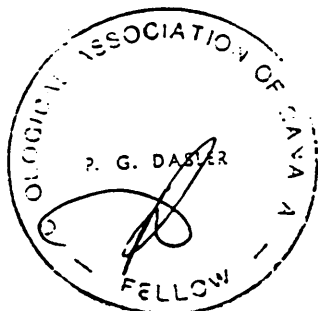
A small pond is found at the head of Jennie Creek. This was dry during the period of fieldwork, however in early summer it could be used as a source of drill water.

## PROPERTY

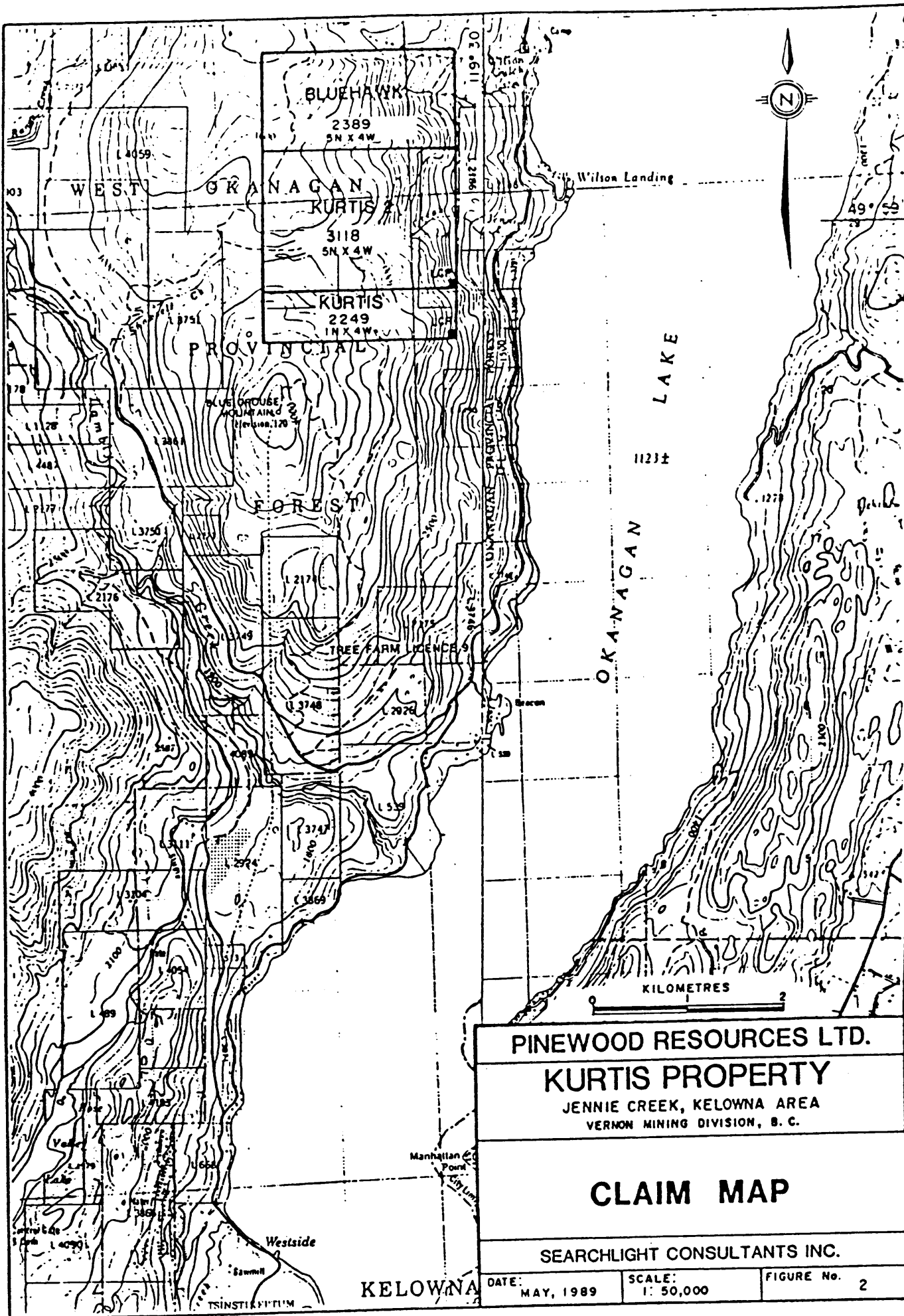
The property is covered by two 20 unit claim blocks; the Blue Hawk and the Kurtis. These blocks overlap each other with the Blue Hawk being further north of the Kurtis, by 500 metres. As these are 5 North and 4 West claim blocks, the total area covered is 3 kilometres north-south and 2 kilometres east-west. The LCP's are shown on the map and are situated in the southeast corner of the blocks on the steep east facing slopes west of Okanagan Lake.



Property Location



PARKWOOD RESOURCES LTD.		
<b>KURTIS PROJECT</b> JENNIE CREEK, KELOWNA AREA VERNON MINING DIVISION, B. C.		
<h2 style="text-align: center;">LOCATION MAP</h2>		
SEARCHLIGHT RESOURCES INC.		
DATE: FEBRUARY, 1968	SCALE: As Shown	FIGURE No. 1



BLUEHAWK  
2389  
5N X 4W

KURTIS  
3118  
5N X 4W

KURTIS  
2249  
1N X 4W

WEST OKANAGAN

PROVINCIAL

FOREST

OKANAGAN LAKE

PINEWOOD RESOURCES LTD.

KURTIS PROPERTY

JENNIE CREEK, KELOWNA AREA  
VERNON MINING DIVISION, B. C.

CLAIM MAP

SEARCHLIGHT CONSULTANTS INC.

DATE: MAY, 1989	SCALE: 1: 50,000	FIGURE No. 2
--------------------	---------------------	-----------------

KELOWNA

The Blue Hawk was staked on October 31, 1987, and the Kurtis earlier in the summer, on March 17, 1987. These modified grid stakings overlie a two post claim more central to the property called Spike 1 and Spike 2. All the claims are assigned to Pinewood Resources Ltd. through option agreements.

Name of Claim	No of Units	Record No	Expiry Date
Kurtis	4	2249	March 20 1991*
Bluehawk	20	2389	Nov. 18 1991*

\* following acceptance of 1988 geophysical surveys for assessment

## HISTORY

The property covers old trenches and underground workings of the Blue Hawk Mine, reported in the B.C. Minister of Mines Report for 1933, 1934, 1935 and 1938<sup>1</sup>. Several quartz veins ranging from narrow fracture fillings to veins four feet wide were explored by the Blue Hawk Syndicate in 1933.

The only production from the property (1935) was reported at 5 tons grading 1.0 ounce per ton gold and 3.6 ounces per ton silver.<sup>1</sup> The latter apparently was obtained from the Blue Hawk adit, which consists of about 300 feet of underground workings.

Since 1965, the mine and surroundings have been held by two separate groups. The first was Dawood Mines, (1965-1980)<sup>5,6</sup>, and the second was fronted by N.C. Lenard, P.Eng<sup>3</sup>., during the period 1980-1986.

Work done by Dawood Mines consisted of trenching, linecutting and grid preparation. Geological mapping, geochemical soil sampling and a magnetometer survey were also completed in 1969, 1972 and 1974. Minor scaling of the main adit walls and roof was also undertaken.

Dawood's geochemical surveys indicated a number of areas anomalous in mercury, copper, silver and gold. Several of the anomalies coincided with the previously known showings but a definite correlation was not obtained. The summary map produced from their work is included as Figure 5.

Lenard's work consisted of further geochemical and geophysical work at various "sites" and further stripping of veins, as well as some reconnaissance mapping (see Figure 5 for sites). Lenard did not identify any significant additional anomalies.

Both these groups located high grade gold mineralization in quartz veins in the diorite, and at contacts with metasediments. There is a general consensus in their reports, however, that the mineralization is "spotty" and discontinuous. No drilling was attempted during the previous exploration.

Lenard's VLF-EM survey data revealed generally low values with some intermediate values that represent conductors. These are thought to be more likely related to the geological contacts between the microdiorites and the metasediments. It was thought that the significance of the magnetic data collected in 1969 with a fluxgate magnetometer would be more apparent after geological mapping. This has been hampered by the overburden in the area.

Fox's 1974<sup>6</sup> geological plan best outlines previous trenches, veins and possible faults and contacts. (See Appendix 1).

## REGIONAL GEOLOGY

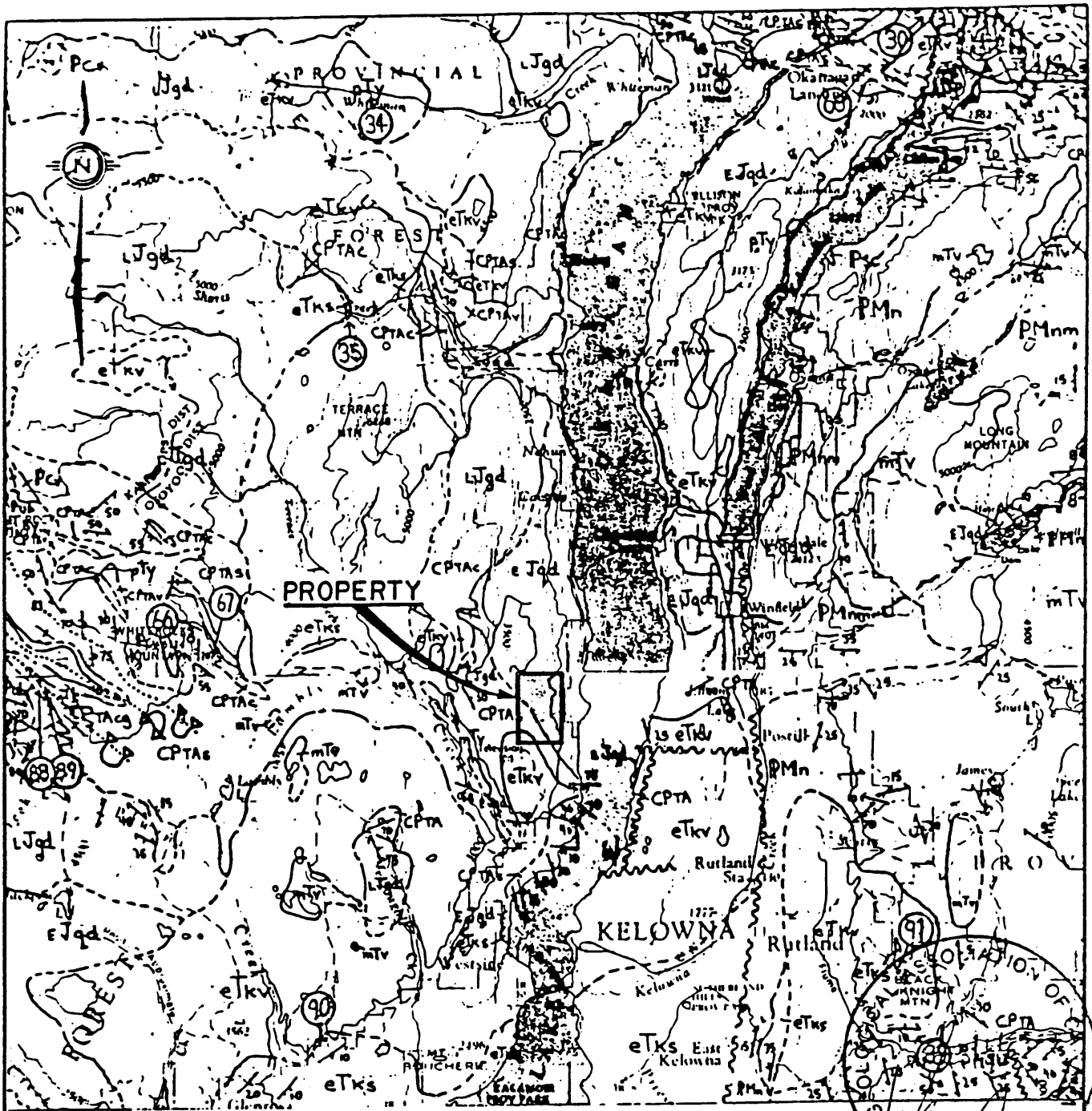
The property is on the western border of the Shuswap metamorphic Terrane, a broad region of old sedimentary rocks and granitic plutons.

Near Okanagan Lake, the sediments probably belong to the Cache Creek Group (Permian age). The plutons and large batholiths formed during the Jurassic Cretaceous.

Gold prospects in quartz veins occur on the west side of Okanagan Lake from near Vernon and sparsely south to the Kurtis claim area. Mineralization usually consists of minor amounts of base metals, bismuth-tellurides, pyrite and some free milling gold. It is most likely that granitic intrusion has remobilized gold within the Shuswap rocks, this has been later reconcentrated within the regional shear systems.

## PROPERTY GEOLOGY

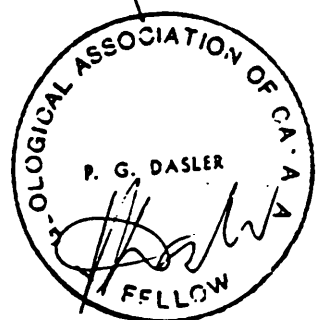
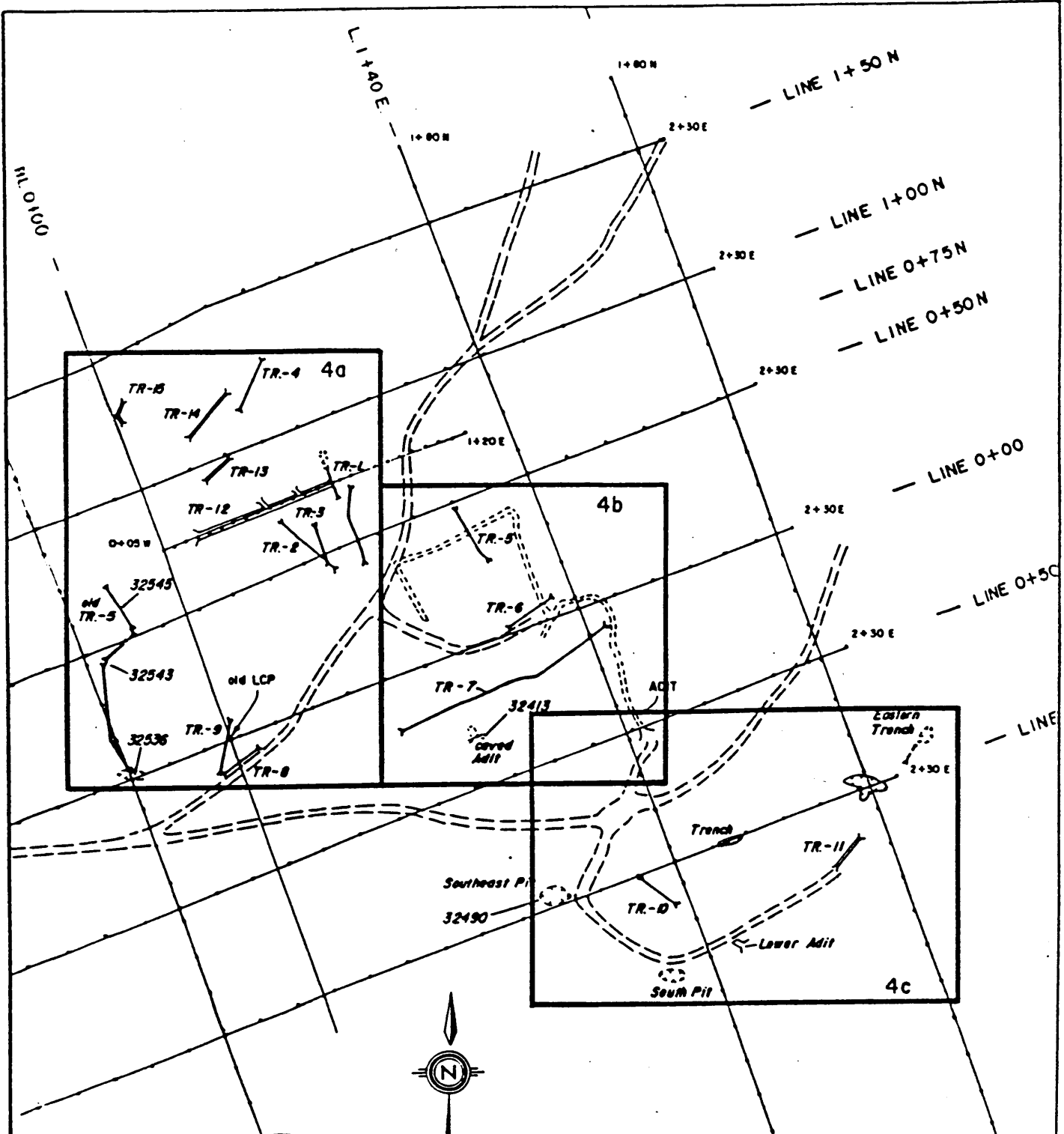
The Kurtis property has its main area of economic interest centred within a melanocratic diorite. This is a diorite plug that has intruded the Cache Creek metasediments and volcanics. The diorite is strongly chloritized in many of the showings and foliation and fracturing is well developed in more than one direction. These factors, along with the multi-directional, and most likely phase shearing, and silicification, locally makes distinction between the diorite, and the cherts and quartzites of the sediments, difficult.



**LEGEND**

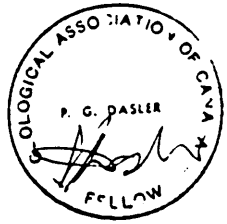
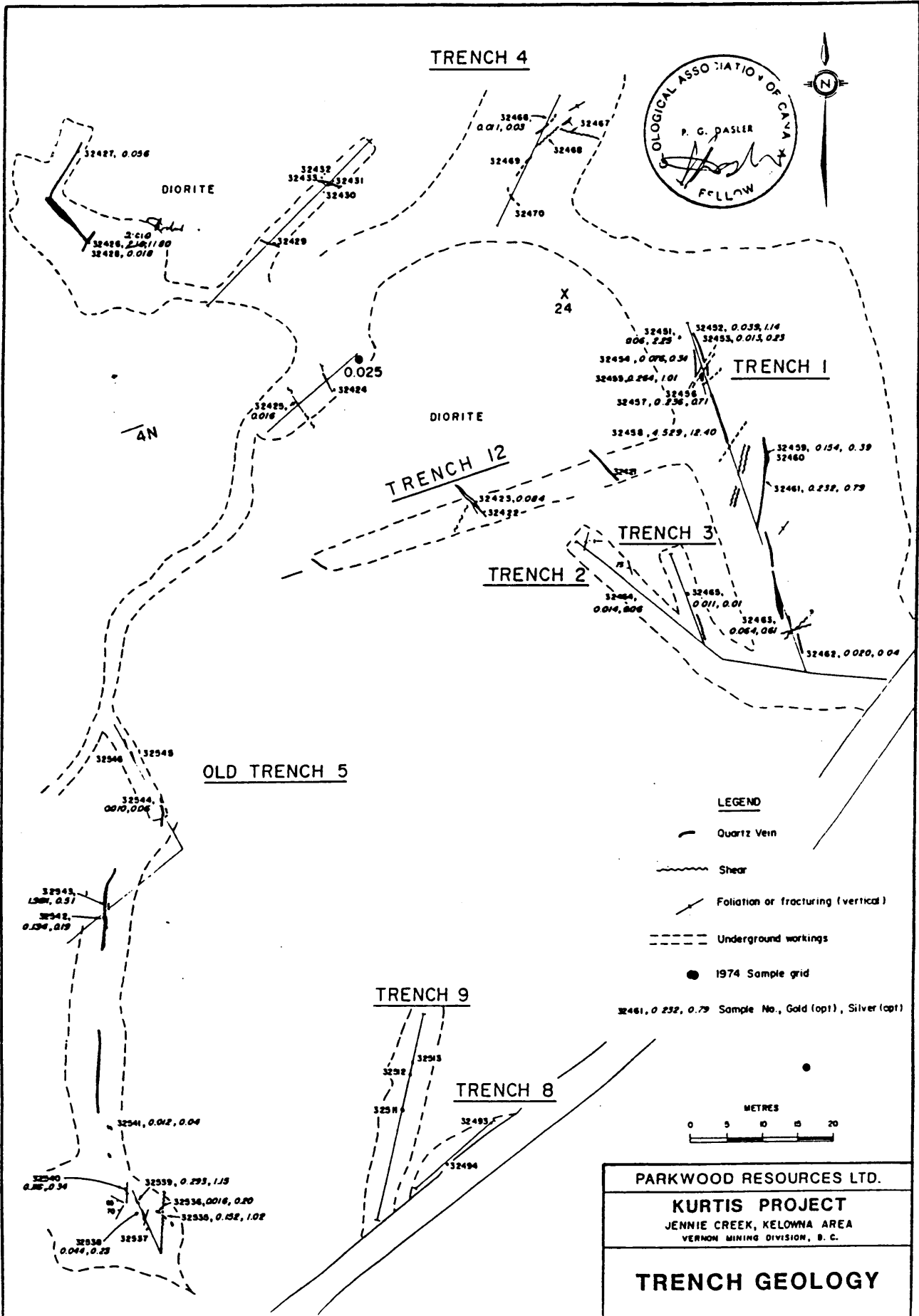
- eTKV Andesite, basalt flows
- eTKS Sandstone, conglomerate
- LJgd Granodiorite, granite (Valhalla)
- EJgd Quartz diorite (Nelson)
- PTCg Quartz pebble conglomerate (Tsalkom Formation)
- CPTAS Siliceous argillite, volcanoclastic sandstone
- CPTAv Greenstone - tuff
- CPTAc Limestone, chert.
- IPub Serpentinite, ultramafics
- IPCy Chloritic phyllite, greenstone
- 34 GSC Sample sites

<b>PARKWOOD RESOURCES LTD.</b>		
<b>KURTIS PROJECT</b>		
JENNIE CREEK, KELOWNA AREA VERNON MINING DIVISION, B. C.		
<b>REGIONAL GEOLOGY</b>		
SEARCHLIGHT RESOURCES INC.		
DATE: DECEMBER, 1988	SCALE: 1: 250,000	FIGURE No. 3



<b>PARKWOOD RESOURCES LTD.</b>		
<b>KURTIS PROJECT</b>		
JENNIE CREEK, KELOWNA AREA VERNON MINING DIVISION, B. C.		
<b>TRENCH GEOLOGY KEY MAP</b>		
SEARCHLIGHT RESOURCES INC.		
DATE: DECEMBER, 1988	SCALE: 1: 2000	FIGURE No. 4





32461, 0.232, 0.79 Sample No., Gold (top1), Silver (top1)



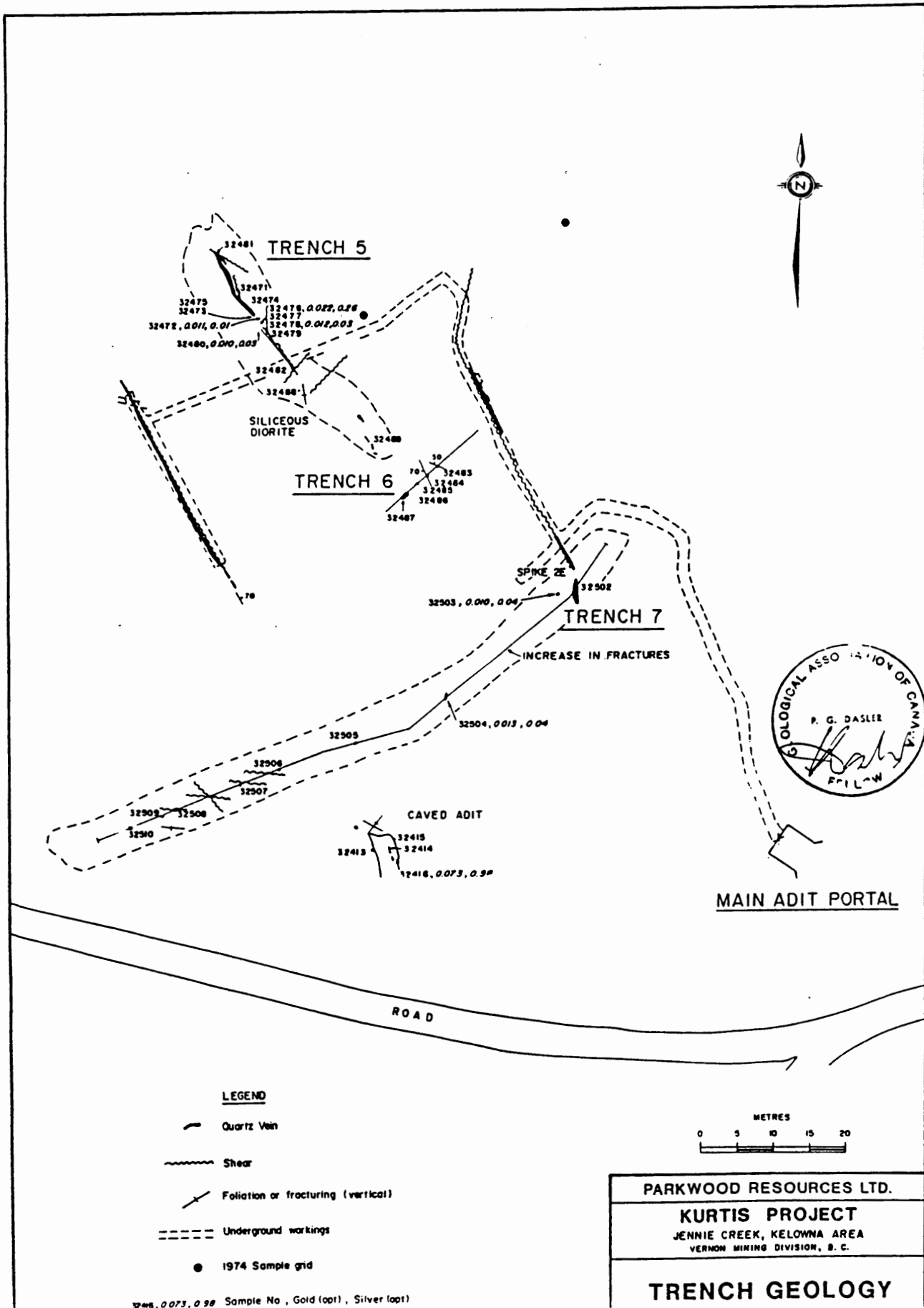
**PARKWOOD RESOURCES LTD.**

**KURTIS PROJECT**

**JENNIE CREEK, KELOWNA AREA**

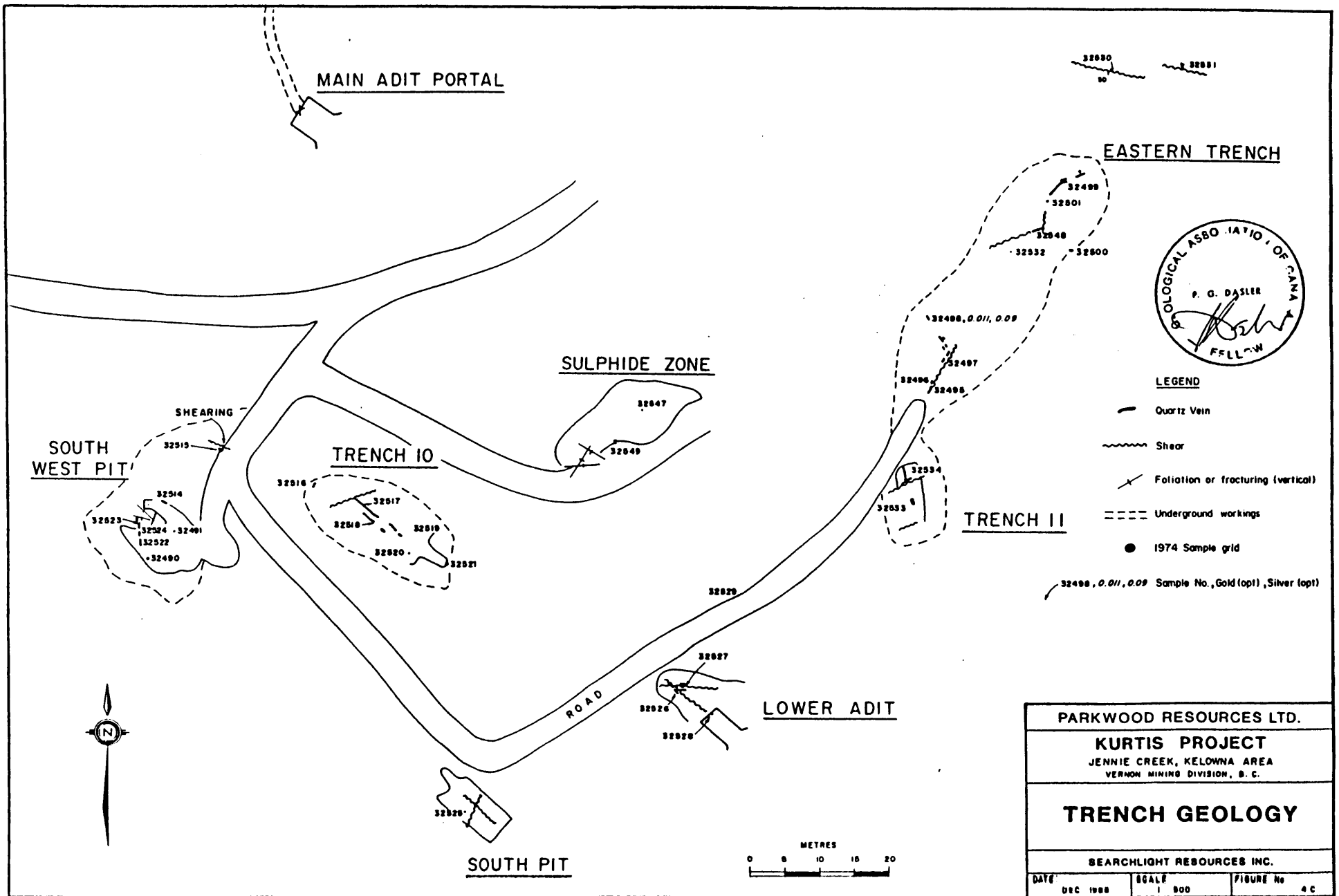
**VERNON MINING DIVISION, B. C.**

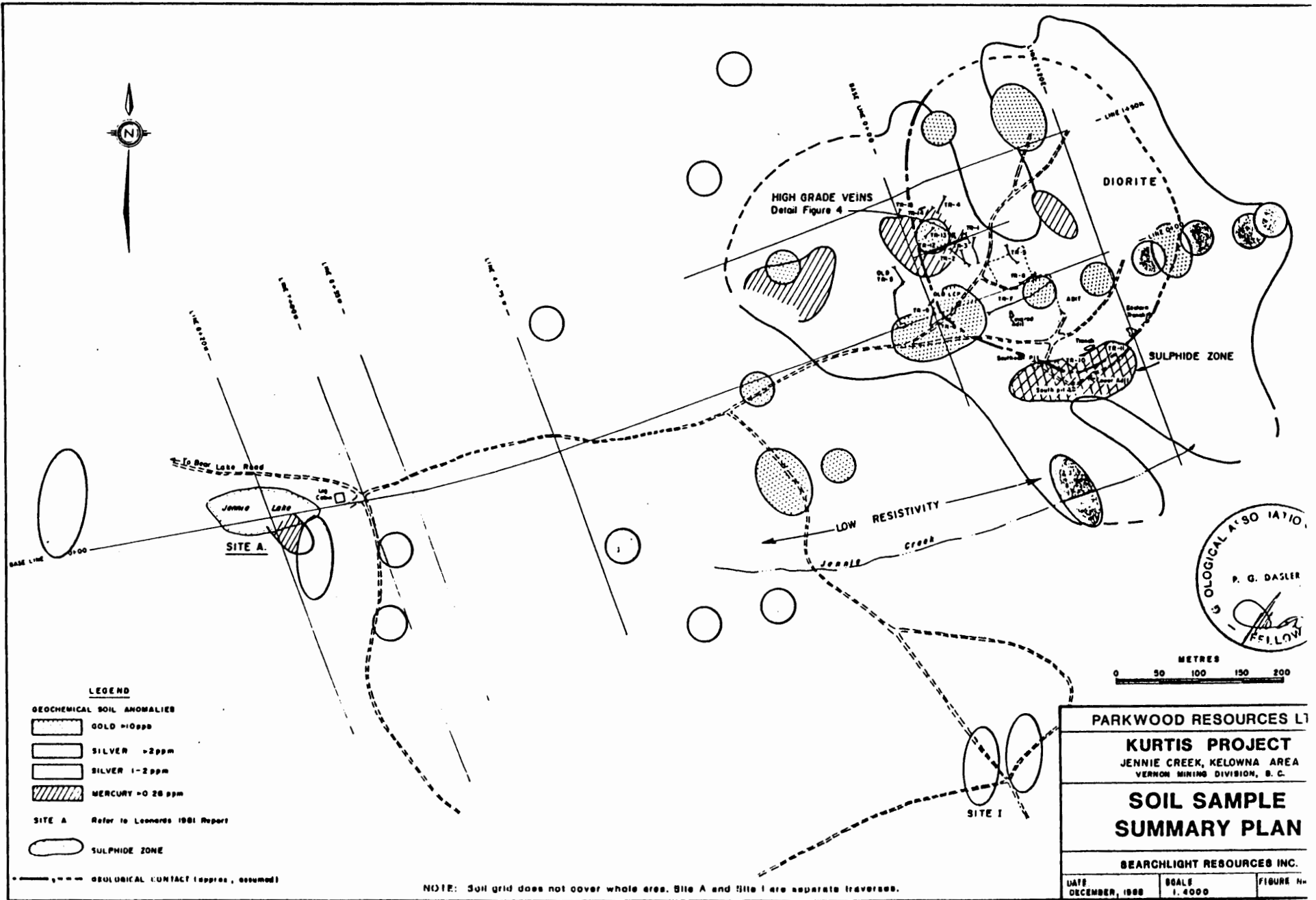
**TRENCH GEOLOGY**



**PARKWOOD RESOURCES LTD.**  
**KURTIS PROJECT**  
JENNIE CREEK, KELOWNA AREA  
VERNON MINING DIVISION, B. C.

**TRENCH GEOLOGY**





NOTE: Soil grid does not cover whole area. Site A and Site I are separate traverses.

PARKWOOD RESOURCES LTD  
**KURTZ PROJECT**  
 JENNIE CREEK, KELOWNA AREA  
 VERNON MINING DIVISION, B. C.  
**SOIL SAMPLE SUMMARY PLAN**  
 SEARCHLIGHT RESOURCES INC.  
 DATE: DECEMBER, 1988    SCALE: 1:4000    FIGURE NO.

Detailed lithological mapping was not undertaken. Much of the property is covered with a thin layer of glacial till. This thickens considerably (>6 metres) within the confines of the Jennie Creek depression. A concordant sill-like nature, as previously thought, is likely for the diorite, though there may be many sills involved. The geophysical resistivity plot (n=2) indicates that there may be a number of small diorite plugs on the claim group.

To the east of the main showings, more obvious sediments and volcanoclastic material outcrop. South of Jennie Creek, a distinctive hornblende biotite granodiorite outcrops on cliffs facing Okanagan Lake. This is probably part of the large Jurassic age batholith, which, on a regional scale, outcrops mainly on the north of the property.

#### WORK PROGRAMME 1987

Between November 24 and December 2, 1987, W.A. Taylor, B.Sc. and B. Callaghan, B.Sc., used an excavator to open up as much of the vein shear system as possible. This was followed by mapping and sampling of the trenches, paying particular attention to structural attitudes, mineralization and alteration patterns. Approximately 600 linear metres of trenches were excavated for geological purposes. Additional to this was the road access to put in some of these trenches.

One trench was excavated 400 metres to the south west of the adit to investigate a gold anomaly on the old 1972 grid at line 4 south, five stations west of the baseline. Overburden was greater than 6 metres so this effort was abandoned.

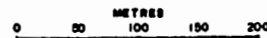
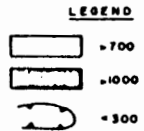
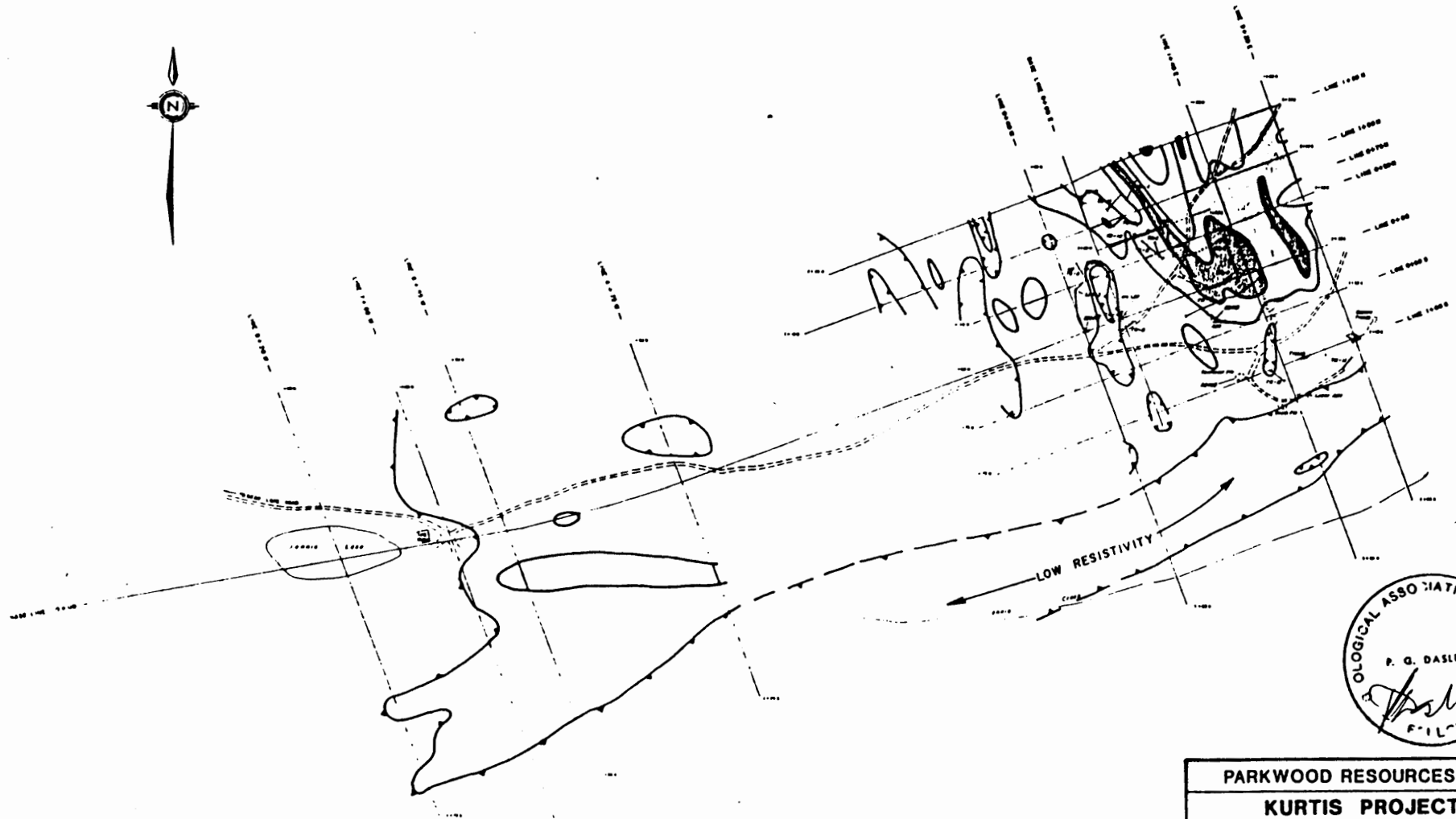
A total of 102 samples were taken mainly of quartz vein material. Eighty-seven were assayed for gold-silver, 15 samples were geochemically analyzed for gold and silver.

Table 1 details the more significant gold and silver values obtained during the programme. The locations of these samples are shown on Figures 4a, 4b and 4c.

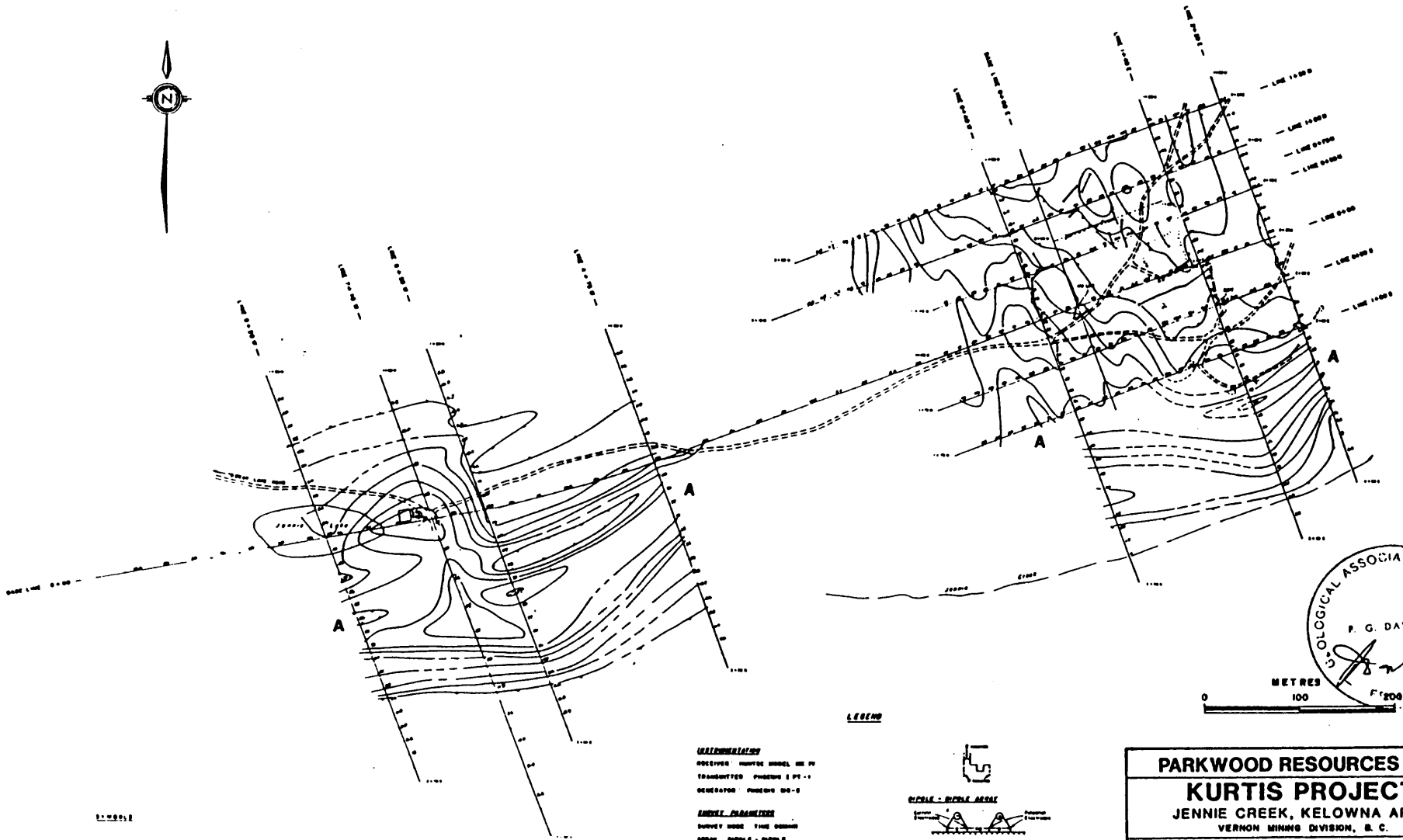
Detailed lithological mapping was not undertaken as a result of heavy snowfall during the latter part of the trenching programme.

#### WORK PROGRAMME 1988

The 1987 trench mapping and sampling programme showed that there were at least three areas that produced samples in excess of 1 ounce per ton gold ( Old trench #5, Trench 1, and the original adit sample).



PARKWOOD RESOURCES LTD.		
KURTIS PROJECT		
JENNIE CREEK, KELOWNA AREA		
VERNON MINING DIVISION, B. C.		
<b>RESISTIVITY PLAN</b>		
SEARCHLIGHT RESOURCES INC.		
DATE DECEMBER, 1988	SCALE 1:4000	FIGURE No 8

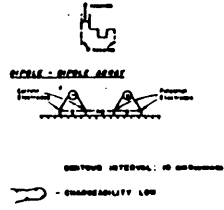


LEGEND  
--- ABILITY LINE  
--- CHARGEABILITY LINE  
--- ROAD

**APPARATUS**  
RECEIVER: HARTCO MODEL 4011  
TRANSMITTER: PHOENIX I PT-1  
GENERATOR: PHOENIX GO-5

**SURVEY PARAMETERS**  
SURVEY MODE: TIME CORRECT  
ARRAY: DIPOLE - DIPOLE  
DIPOLE LENGTH: 0.10 and 0.20 km  
DIPOLE SEPARATION: 0.11 to 0.18  
DELTA TIME: 200 milliseconds  
INTERMEDIATE TIME: 1000 milliseconds  
CHARGE CYCLE: 0.001000 seconds

LEGEND



FIELD BOOK FORM NO. 5 FEB 1, 1960

<b>PARKWOOD RESOURCES LTD.</b>		
<b>KURTIS PROJECT</b>		
JENNIE CREEK, KELOWNA AREA VERNON MINING DIVISION, B. C.		
<b>INDUCED POLARIZATION SURVEY</b>		
<b>APPARENT CHARGEABILITY n=2 DATA AND CONTOURS</b>		
<b>SEARCHLIGHT RESOURCES INC.</b>		
DATE: OCTOBER, 1988	SCALE: 1:4000	FIGURE No. 8

The trench mapping also indicated an east-west trending zone of minor fracturing, silicification and epithermal style bleaching (acid alteration by degassing events) south of the main adit. Associated with this east-west zone was heavy pyritization in the metasediments, quartz veins, and areas of very fractured diorite showing "spiderwebs" of calcite fill. This intensity of alteration was not seen in the area of the high grade samples, uphill from the main adit.

This east-west trending altered zone coincides with the course of the overburden filled depression of Jennie Creek. It was therefore decided to investigate the nature of the bedrock and structures in this area using resistivity and IP chargeability. This geophysical survey was also to include the area of the existing trenches and quartz veining. The geophysical survey was conducted in two phases.

The first phase of the geophysical programme identified strong chargeability anomalies on the property, and areas of high resistivity that could be associated with other vein systems.

The most well defined, near surface anomaly from the first phase (Line 0+75N, Stn. 0+50E) was chosen for excavation and mapping. The anomaly, (see Figures 6,7 and 8), coincides with a silicified-shear within the diorite. Assays of samples from this shear gave 0.084 ounces per ton gold at the trench (Trench 12), and 2.010 ounces per ton gold (plus 11.8 ounces per ton silver) along strike (west edge of Trench 4). This shear zone is projected to depth on figure 7, and can be seen to correlate with a zone of low resistivity flanked by high resistivity.

The geophysical survey was then continued to allow better interpretation of the other anomalies on the property. Several more lines were established east-west across the trenched area (1+00S, 0+50S, 0+00, 0+50N, 1+00N, 1+50N) and eight NW-SE lines were oriented across the Jennie Creek depression. The resistivity and I.P. chargeability plans are included as Figures 6 and 8 and the full report is included as Appendix 4.

## RESULTS

The location of the trenches, and samples are shown in Figures 4, 4a, 4b and 4c. There are three trenched areas which have shown highly elevated gold values from rock chip samples. These areas were already defined by the previous geochemical surveys for gold, lead and mercury.



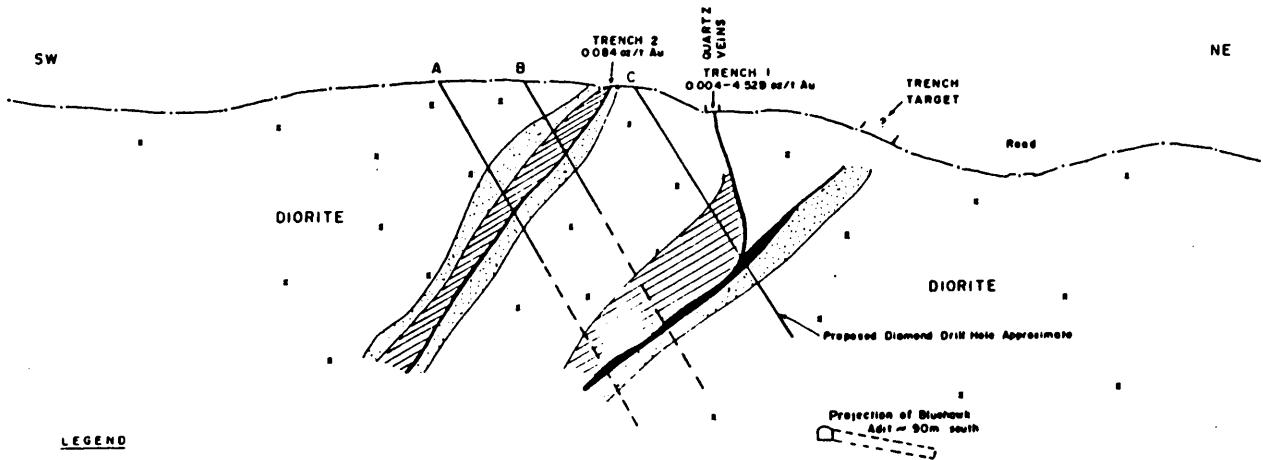
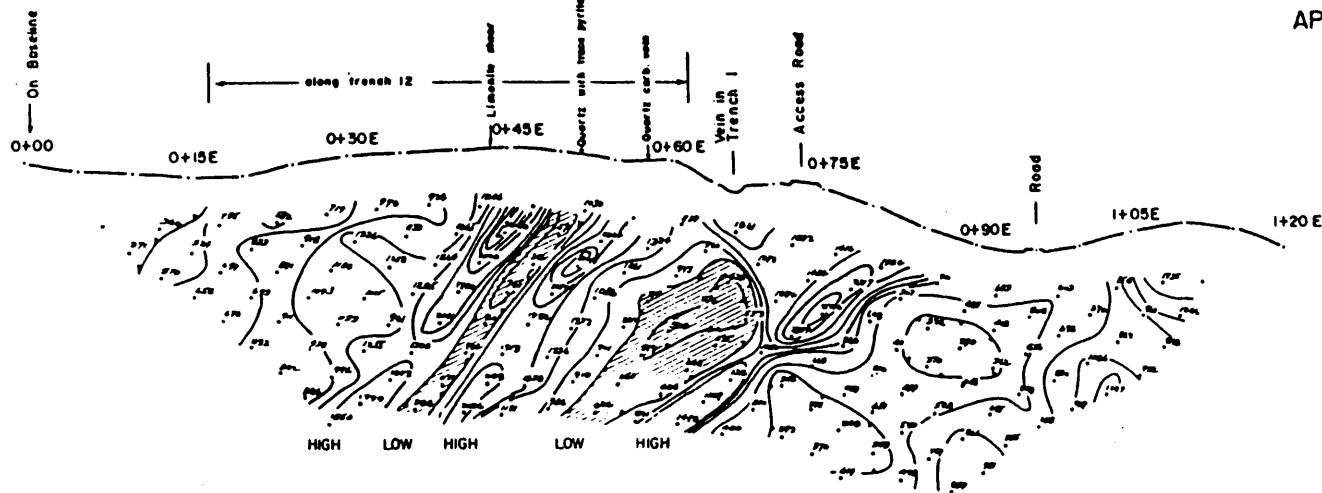
Outside of these areas the geophysical surveys have indicated further vein structures and alteration, including a large, near coincident, IP chargeability high, and resistivity low, linear along Jennie Creek. The chargeability response is most probably caused by sulphide mineralization. This anomaly is most intense near the old cabin on the west side of the grid. In this area there are several silver anomalies, but no outcrop.

The geophysical report by Geotronics Surveys (appended) presents the chargeability and resistivity results on profiles and sections. These provide the only indication for the geology in much of the area because of the thick overburden.




At present a mineable body of mineralization has not been identified, however the assay results (Table 1), and the style of the rock alteration indicate that the discontinuous quartz veining is probably related to more significant mineralization at depth.

TABLE 1: Anomalous Samples - Au &gt; 0.01 ounces per ton

	Description	Au opt	Ag opt
<b>Trench 1</b>			
32451	40 cm grab - limonitic quartz	0.060	2.25
32452	20 cm channel chloritic quartz with sooty grey sulphides	0.039	1.14
32453	42 cm channel limonitic quartz	0.013	0.23
32454	20 cm channel limonitic quartz and gouge, trace sooty sulphides	0.076	0.34
32455	22 cm channel rusty quartz vein with minor pyrite	0.264	1.01
32457	55 cm channel quartz vein high grade sooty sulphides, trace chalcopyrite	0.236	0.71
32458	10 cm channel quartz with 20% massive sulphides, mostly pyrite	4.529	12.40
32459	50 cm channel quartz vein with minor sulphides	0.154	0.39
32461	30 cm grab quartz 2-5% pyrite and trace chalcopyrite in fractures	0.232	0.79
32462	130 cm channel limonitic quartz with trace pyrite	0.064	0.61
<b>Trench 2</b>			
32464	20 cm grab limonitic rusty siliceous diorite (no visible sulphides)	$A = \frac{19.39 \text{ g/T}}{0.014}$	$A = \frac{67.98 \text{ g/T}}{0.06}$
<b>Trench 3</b>			
32465	40 cm rusty siliceous diorite - some malachite	0.011	0.01
<b>Trench 4</b>			
32466	50 cm grab quartz vein with 1% pyrite	0.011	0.03
<b>Trench 5</b>			
32472	20 cm channel F/W quartz vein trace pyrite, manganese	0.011	0.01
32476	20 cm channel limonitic vuggy quartz with trace pyrite	0.022	0.26
32477	150 cm channel siliceous diorite on H/W of vein, trace pyrite, pyrr.	150. ppb	3.1 ppm
32478	60 cm channel quartz vein pyrite and	0.012	0.03
32480	20 cm channel barren limonitic quartz with rusty cavities	0.010	0.03
<b>Trench 7</b>			
32503	50 cm grab rusty quartz, trace pyrite	0.010	0.04
32504	50 cm grab rusty siliceous diorite, tr pyrite	0.013	0.04



**LEGEND**

-  Vein Zone
-  Hanging wall alteration MF, H<sub>2</sub>SO<sub>4</sub> etc. of feldspars etc. Platy minerals, low resistivity
-  Calcite and chlorite from CO<sub>2</sub> reaction with wall rocks, high resistivity

APPARENT RESISTIVITY  
(Ω m)

NE HYPOTHETICAL GEOLOGY SECTION



<b>PARKWOOD RESOURCES LTD.</b>		
<b>KURTIS PROJECT</b>		
JENNIE CREEK, KELOWNA AREA VERNON MINING DIVISION, B. C.		
<b>I.P. RESISTIVITY AND GEOLOGICAL INTERPRETATION</b>		
LINE: 0 + 75N		
SEARCHLIGHT RESOURCES INC.		
DATE: DECEMBER, 1988	SCALE: 1:4000	FIGURE No. 7

Table 1 cont.

	Description	Au opt	Ag opt
<b>Old Trench 5</b>			
32535	25 cm channel quartz pod, 5% pyrite 1% galena, most sulphides near wall	0.152	1.02
32536	45 cm channel quartz, white limonitic chloritic along wall, trace pyrite galena	0.016	0.2
32537	10 cm grab heavily oxidized, chloritized diorite (*high Ag)	<5. ppb	1.4 ppm*
32538	60 cm channel quartz vein, trace pyrite, 5% disseminated galena with chlorite	0.044	0.23
32539	38 cm channel limonitic quartz, trace pyrite-trace galena	0.293	1.15
32540	40 cm channel hematite stained limonitic quartz vein, trace pyrite and galena	0.110	0.34
32541	Grab, limonitic quartz - no visible sulphides	0.012	0.04
32542	10 cm grab hematite stain quartz with trace pyrite	0.134	0.19
32543	Grab, gossany limonitic clay infilled quartz - no visible sulphides	1.501	0.51
32544	Grab, rusty limonitic quartz vein	0.010	0.06
<b>South Pit</b>			
32525	50 cm grab siliceous diorite with 2% sulphides, some galena	345. ppb	0.9 ppm
<b>Caved Adit</b>			
32416	Composite "high grade" grab, fracture, pyritic quartz, rusty manganese stained	0.073	0.98
<b>Eastern Trench</b>			
32498	Grab limonitic quartz with chlorite no visible sulphides	0.011	0.09

## REVIEW OF MINERALIZATION STYLE

Quartz veining appears in most trenched areas and is characteristically associated with rusty shearing. These veins sinuously pinch and swell parallel and oblique to crosscutting shear planes. Many areas are gossanous, limonitic and manganese stained, giving good colour anomalies.

From the composite map, (1:500), of the veining (Figures 4, 4a, 4b, 4c), it can be seen that four general orientations occur:

1. A northwesterly strike, parallel to the main Blue Hawk workings;
2. A north-south strike which seems in places to be strongly associated with the above;
3. A southwest-northeast attitude, which can be seen in the extreme northwest (Trench 4) and southeast (Eastern Trench and Trench 11);
4. An east-west direction associated with (3) - In this direction veining is more discrete and shearing is of more importance. This is seen in the western end of Trench 7.

Assay and geochemical results show the northwest and north striking veins to be the ones carrying the higher gold values. The southwest and east-west shears and zones of silica enrichment have not yielded significant values.

The 4.529 ounces per ton sample from Trench 1 reflects an association with pyrite seen in many of the anomalous samples. The 1.501 ounces per ton sample from "Old Trenches" seems more related to a shear parallel to the veining. Generally speaking however, pyrite mineralization within the quartz veins, in many cases, is associated with auriferous anomalies.

Old Trench 5 has a relatively high galena content and samples from this trench have yielded anomalous values in gold and silver, with some extreme concentrations of silver, relative to gold.

Trench 5 is similar to Trench 1 in mineralization, but gives lesser values, though still anomalous.

Mapping (Figures 4, 4a, 4b, 4c) shows the magnitude of the largest vein is 12 metres, with a maximum width of 1.5 metres. This, as in Trench 1 and Trench 5, often leads to another vein of similar dimensions *en echelon*, by way of a shear.

When considering the vein system of the larger veins, (e.g., the northwest striking "Blue Hawk" vein), it would seem there is a displacement to the west, as one traces the vein to the north. Dips are near vertical and may dip more to the east in some places, and more to the west in others. A good plunge measurement was not attainable.

Auriferous mineralization into the footwall and hangingwall of the country rock drops off rapidly outside the veins themselves, even if there is a sulphide concentration outside the vein. This seems to be true of the shears adjacent and parallel to the vein material, and those crosscutting, if the silica content is low.

Areas sampled to the southeast of the old adit do not indicate high gold or silver mineralization. Previous work by Fox has indicated quite high copper values from rock samples in this area, with only minor amounts of gold and silver. Dawood's soil geochemistry shows a copper anomaly in this area. As well as chalcopyrite, galena was found in the quartz veins in this area.

What is perhaps most obvious in this southeast area is the alteration pattern. The area is strongly calcareous and chloritic. It is near a sediment contact, on the southeast of a sulphide enriched zone, namely the "Sulphide Zone". This has a strong colour anomaly, and contains abundant pyrrhotite and pyrite. This halo of calcareous, chloritic clay alteration is enveloping irregular quartz veining. Further north, quartz veins in a similar environment host gold and silver. This alteration halo indicates a degassing regime from hydrothermal solutions were injected into a pre-existing fracture system. Generally copper and lead enrichment may be peripheral to gold zones. The alteration parallel to Jennie Creek appears to indicate a previously unrecognized epithermal (vein ?) event only shown by its alteration pattern.

The attitudes of the veins and the shears mapped in the trenches, to the north of the adit, indicate at least two phases of silica emplacement. So far the gold has been present in the earlier northwest and north phase. The zones of gold mineralization have, however, not proven to be continuous. Further exploration is required to test their continuity to depth.

The east-west alteration pattern near the southeastern veins, and the geophysical survey anomalies along Jennie Creek indicate this direction being important for economic potential. Better mapping of the halos is needed. A high priority is to establish the mineralization in the Jennie Creek geophysical anomaly.

## GEOPHYSICAL MODEL

Geophysical IP and Resistivity response in the rock was interpreted to be from the alteration halos of the quartz vein mineralization.

The most characteristic features of epithermal and mesothermal style mineralization are the carbonate halos around veining, and the acid alteration of the hanging wall rock mass. These two events cause highly contrasting geophysical response during Resistivity surveying.

The carbonate halo is caused by  $\text{CO}_2$  gas reactions from the hydrothermal solutions and the host rocks. This produces a very high resistivity profile in the hangingwall and footwall of the vein zones.

The acid alteration is from  $\text{HCl}$ ,  $\text{H}_2\text{SO}_4$ , and  $\text{HF}$  generated by the hydrothermal solutions during the precipitation of the quartz vein and the gold and silver mineralization. The acids particularly alter the feldspars in the host rocks to sericite and other platy minerals (clays). These zones of platy minerals have very low resistivity response, most probably because of their high water content. The important vein zones show large areas of low resistivity in the hanging wall of the vein.

The resistivity profile shown in Figure 7, is typical of this alteration assemblage. An inspection of the east end of the resistivity section shows a west dipping zone of high resistivity. The break between this zone of high resistivity and the adjacent zone of low resistivity may represent a quartz filled fault zone, as where the zone reaches surface a series of quartz veins occur (see hypothetical section on Figure 7). The quartz veins at surface have gold values up to 4.50 ounces per ton.

The geophysical survey identified a series of north to north-west trending alteration zones, some increasing in size at depth, and a similar, but very large, system along Jennie Creek<sup>2</sup> (also see Figure 6 and 8).

The correlation of the high resistivity response shown by the proposed west dipping vein system (geological interpretation on Figure 7), to the known quartz veining in the trenches indicates that the larger zone of high resistivity and its attendant zone of low resistivity (hanging wall alteration) seen along Jennie Creek is a larger vein system. This will require drilling for confirmation.

## CONCLUSIONS

1. High gold and silver values are present on the property, (up to 4.5 ounces per ton), but at present have not been traced over economic widths or lengths on the surface. The known veins terminate by shear faults at around 12 metres length. Values are restricted to veins in a particular direction and preferably with a good pyrite content.
2. The trenching and sampling programme indicates a very large area with this style of discontinuous high grade veining. Further similar areas are indicated in areas of significant overburden.
3. Geological mapping of the alteration patterns and soil anomalies around these veins, indicate further, larger, vein systems, such as the large area of pyrite mineralization south of the main adit portal.
4. Other veins are also indicated from the geophysical survey. The east-west trending alteration system in the Jennie Creek zone and the extension of the vein systems at depth are indicated in the surveys (Figure 7).
5. Exploration by geophysical survey and surface trenching combined with geological mapping, has proven very successful in establishing new vein systems. It is most suitable for the area, because of the overburden, and lack of outcrop.
6. The geophysical survey work has detailed the outline of the intrusive, close to what can be seen in the field from trenching and mapping. Further areas of intrusive rocks are indicated from this work. A significant new vein was found directly from the resistivity results.
7. Drill testing is required to establish the magnitude and grade of the vein systems north of the main adit. Drill testing of the Jennie Creek zone will allow rapid evaluation of the geophysical anomaly seen there.



## RECOMMENDATIONS

1. The geophysical targets along the Jennie Creek zone should be drill tested to determine the style of alteration and the presence of auriferous veining or sulphide zones. A primary target of the drilling should be the pond area where Lenard obtained anomalous silver soil samples, and a positive IP chargeability zone was defined.
2. A series of shallow diamond drill holes should test the depth extension of the high grade veining in trench 1 and "Old" trench 5. This drilling should be guided by the anomalies on the geophysical section (Figure 7).
3. Drilling should be used to sample the "sulphide zone", to the south of the main adit, and to determine the chargeability anomaly at depth.
4. The further geophysical targets should be evaluated with the completion of this drilling.

## BUDGET

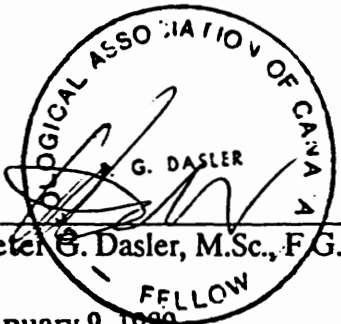
The following is a budget to carry out the programmes described in this report on the Kurtis property.

## Phase I

Drilling-----	\$75,000
Geology-----	\$7,000
Assays-----	\$5,500
Trenching and drill support-----	\$10,000
Room and Board-----	\$3,250
Travel-----	\$2,000
Support and Supervision-----	\$2,500
Sub Total-----	\$105,250
Contingencies-----	\$4,750
Total Phase I-----	\$110,000

The following is the expected Phase II budget which will be carried out if the results of the first phase, as detailed above, results in the definition of significant mineralization.

Geophysical Survey-----	\$30,000
Geology-----	\$8,000
Assays-----	\$10,000
Trenching-----	\$20,000
Room and Board-----	\$5,000
Travel-----	\$2,000
Support and Supervision-----	\$4,000
Drilling-----	\$90,000
Mill testing-----	\$8,000
Total-----	\$177,000
Contingencies-----	\$13,000
Total Phase II-----	\$190,000
 Total Phase I & II-----	 \$300,000


  
 Peter B. Dasler, M.Sc., F.G.A.C.

January 9, 1989.

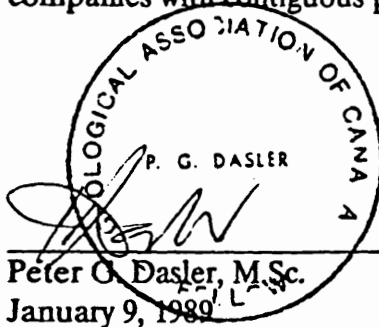
## REFERENCES

1. BCDM Annual Reports, 1933, p. A196; 1934 p. A24, D34; 1935 p. D13; 1938 p. D36.
2. Mark, D.G., Cruickshank, P. ,February 1988: Geophysical report on IP and Resistivity surveys over a portion of the Kurtis property. For Pinewood Resources Ltd. Geotronics Surveys Ltd, Vancouver, B.C.
3. Lenard, N.C. (1981); Geological-Geophysical Evaluation of the OK1-OK5 Claims (Blue Hawk Gold-Silver Mine), Mineral Assessment Report No.9414;
4. Lenard, N.C. (1981); Geochemical Soil Report on Bear 2 and Bear 3 Claims, Mineral Assessment Report No.9969;
5. Read, W.S. (1969); Geochemical-Geophysical Report, Tower Group, Spike 1-10 and adjoining mineral claims for Dawood Mines Ltd., Report No.1894;
6. Fox, P.E. (1972); Geochemical Report on the Hill and RJ Claims for Dawood Mines Ltd., Report No.3934;
7. Fox, P.E. (1974); Geochemical Report on the Hill and RJ Claims for Dawood Mines Ltd., Report No. 5303;

CERTIFICATE OF QUALIFICATIONS

I, Peter G. Dasler, do hereby certify that:

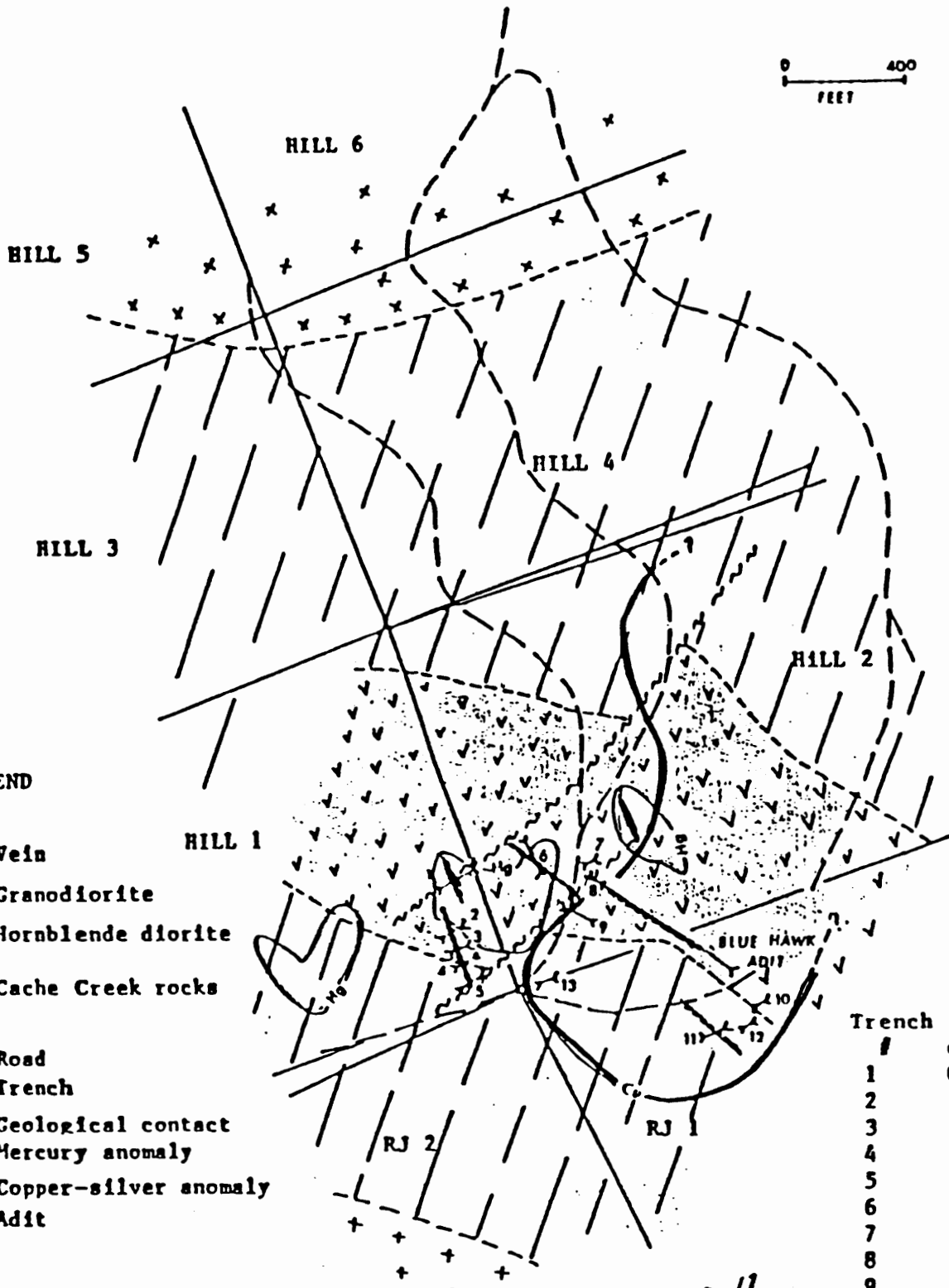
1. I am a contract geologist for Searchlight Resources Inc. with offices at 218-744 West Hastings Street, Vancouver, British Columbia.
2. I am a graduate at the University of Canterbury, Christchurch, New Zealand with a degree of M.Sc., Geology.
3. I am an Associate Member in good standing of the Australasian Institute of Mining and Metallurgy, a Member of the Geological Society of New Zealand, and a Fellow of the Geological Association of Canada.
4. I have practiced my profession continuously since 1975.
5. This report is based on information received from field surveys which I directed, and from reports by Professional Engineers and others working for the previous owners and operators of the property.
6. I have no interest in the property or shares of Pinewood Resources Ltd., nor in any of the companies with contiguous property to the Kurtis Project claims.

  
P. G. DASLER  
Peter G. Dasler, M.Sc.  
January 9, 1989

APPENDIX 1

PREVIOUS REPORT SUMMARIES

DAWOOD MINES LTD (NFL)  
 GEOLOGICAL PLAN  
 BLUE HAWK GOLD PROPERTY



LEGEND

- Vein
- Granodiorite
- Hornblende diorite
- Cache Creek rocks
- Road
- Trench
- Geological contact
- Mercury anomaly
- Copper-silver anomaly
- Adit

ASSAYS

Trench #	Au oz/t	Ag oz/t	ZCu
1	0.42	3.25	
2	.24	1.45	0.10
3	.03	.10	
4	.01	tr	
5	.40	7.85	
6	.14	.45	.10
7	.005	.10	
8	.005	.10	.10
9	.01	.15	
10	.005		.20
11	.01	.15	.12
12	.05	.25	.30
13	.01	.10	.30

COPY

*P.E. Fox*  
 Approved by P.E. Fox PhD. P.Eng.  
 Engineer-in-charge 2/12/74

APPENDIX 2  
ASSAY RESULTS



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To: SEARCHLIGHT RESOURCES INC.

18 - 744 W. HASTINGS ST.  
VANCOUVER, B.C.  
V6C 1A5

Project: KURTIS

Comments: ATTN: P. DASLER

Lab. No. 1  
Tot. Pa 1  
Date : 12-NOV-87  
Invoice # : I-8725684  
P.O. # : NONE

## CERTIFICATE OF ANALYSIS A8725684

SAMPLE DESCRIPTION	PREP CODE	Ag oz/T	Au oz/T								
32401 H	207 ---	< 0.01	< 0.002								
32402 H	207 ---	< 0.01	< 0.001								
32403 H	207 ---	0.04	0.001								
32404 H	207 ---	0.01	< 0.001								
32405 H	207 ---	0.03	< 0.001								
32406 H	207 ---	0.02	< 0.001								
32407 H	207 ---	0.01	< 0.001								
32408 H	207 ---	0.01	0.001								
32409 H	207 ---	0.01	< 0.001								
32410 H	207 ---	1.63	0.426								
32411 H	207 ---	17.50	3.367								
32412 H	207 ---	0.14	0.024								

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CERTIFICATION :

*Janis Christie*





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218 - 744 W. HASTINGS ST.  
VANCOUVER, B.C.  
V6C 1A5

Project : KURTIS  
Comments:

Page No 1  
Tot. Pa 1  
Date : 26-JAN-88  
Invoice # : I-8810588  
P.O. # : NONE

## CERTIFICATE OF ANALYSIS A8810588

SAMPLE DESCRIPTION	PREP CODE	Ag FA oz/T	Au FA oz/T								
32417	207 —	0.22	0.034								
32418	207 —	0.36	0.026								
32419	207 —	0.60	0.116								

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Project: KURTIS  
Comments:

Page No 1  
Tot. Pa 1  
Date : 17-FEB-88  
Invoice #: I-8811427  
P.O. # : NONE

## CERTIFICATE OF ANALYSIS A8811427

SAMPLE DESCRIPTION	PREP CODE	Ag oz/T	Au oz/T								
32421	207 ---	< 0.01	0.001								
32422	207 ---	0.01	0.005								
32423	207 ---	0.12	0.084								
32424	207 ---	0.01	0.002								
32425	207 ---	0.01	0.016								
32426	207 ---	11.80	2.010								
32427	207 ---	0.32	0.056								
32428	207 ---	0.16	0.018								
32429	207 ---	0.01	0.002								
32430	207 ---	0.01	0.001								
32431	207 ---	0.01	0.001								
32432	207 ---	0.01	0.001								
32433	207 ---	< 0.01	0.002								

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Page : 1  
Tot. Pages: 1  
Date : 14-DEC-87  
Invoice # : I-8727520  
P.O. # :

## CERTIFICATE OF ANALYSIS A8727520

SAMPLE DESCRIPTION	PREP CODE	Ag ppm Aqua R	Au ppb FA+AA									
32415	205	---	0.1	<	5							
32473	205	---	0.7	<	10							
32477	205	---	3.1	<	150							
32491	205	---	0.5	<	5							
32493	205	---	0.5	<	5							
32494	205	---	0.3	<	5							
32505	205	---	0.1	<	5							
32506	205	---	0.1	<	5							
32509	205	---	0.4	<	5							
32512	205	---	0.1	<	5							
32524	205	---	0.3	<	5							
32525	205	---	0.9	<	345							
32530	205	---	0.9	<	225							
32532	205	---	0.4	<	5							
32537	205	---	1.4	<	5							

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Project : KURTIS

Comments:

Page No 1  
Tot. Pa 3  
Date : 17-DEC-87  
Invoice # : I-8727521  
P.O. # :

## CERTIFICATE OF ANALYSIS A8727521

SAMPLE DESCRIPTION	PREP CODE	Ag oz/T	Au oz/T										
32413	207	---	0.01	<	0.001								
32414	207	---	0.01		0.001								
32416	207	---	0.98		0.073								
32451	207	---	2.25		0.060								
32452	207	---	1.14		0.039								
32453	207	---	0.23		0.013								
32454	207	---	0.34		0.076								
32455	207	---	1.01		0.264								
32456	207	---	0.06		0.006								
32457	207	---	0.71		0.236								
32458	207	---	12.40		4.529								
32459	207	---	0.39		0.154								
32460	207	---	0.04		0.004								
32461	207	---	0.79		0.232								
32462	207	---	0.04		0.020								
32463	207	---	0.61		0.064								
32464	207	---	0.06		0.014								
32465	207	---	0.01		0.011								
32466	207	---	0.03		0.011								
32467	207	---	0.04		0.004								
32468	207	---	0.06		0.003								
32469	207	---	0.07		0.009								
32470	207	---	0.04		0.006								
32471	207	---	0.07		0.004								
32472	207	---	0.01		0.011								
32474	207	---	0.02		0.004								
32475	207	---	0.02		0.003								
32476	207	---	0.26		0.022								
32478	207	---	0.03		0.012								
32479	207	---	0.01		0.002								
32480	207	---	<	0.03	0.010								
32481	207	---	<	0.01	0.001								
32482	207	---	<	0.07	0.008								
32483	207	---	<	0.01	0.001								
32484	207	---	<	0.04	0.005								
32485	207	---	>>>	0.01	0.001								
32486	207	---	>>>	0.01	0.001								
32487	207	---	>>>	0.01	0.003								
32488	207	---	>	0.01	<	0.001							
32489	207	---	>	0.02	0.005								

Silver-bearing sample

sulphide material

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Project : KURTIS  
Comments:

Page No 2  
Tot. Pages 3  
Date : 17-DEC-87  
Invoice # : I-8727521  
P.O. # :

## CERTIFICATE OF ANALYSIS A8727521

SAMPLE DESCRIPTION	PREP CODE	Ag oz/T	Au oz/T									
32490	207	---	0.05	<	0.002							
32495	207	---	0.01	<	0.001							
32496	207	---	0.02	<	0.001							
32497	207	---	0.01	<	0.001							
32498	207	---	0.09	<	0.011							
32499	207	---	0.04	<	0.001							
32500	207	---	0.01	<	0.003							
32501	207	---	0.07	<	0.003							
32502	207	---	0.02	<	0.002							
32503	207	---	0.04	<	0.010							
32504	207	---	0.04	<	0.013							
32507	207	---	0.01	<	0.001							
32508	207	---	0.01	<	0.001							
32510	207	---	0.01	<	0.001							
32511	207	---	0.01	<	0.001							
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32519	207	---	0.01	<	0.001							
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32521	207	---	0.01	<	0.001							
32522	207	---	0.01	<	0.001							
32523	207	---	0.01	<	0.001							
32526	207	---	0.01	<	0.001							
32527	207	---	0.01	<	0.001							
32528	207	---	0.01	<	0.001							
32529	207	---	0.01	<	0.001							
32531	207	---	0.01	<	0.001							
32533	207	---	0.08	<	0.002							
32534	207	---	0.01	<	0.001							
32535	207	---	1.02	<	0.152							
32536	207	---	0.20	<	0.016							
32538	207	---	0.23	<	0.044							
32539	207	---	1.15	<	0.293							
32540	207	---	0.34	<	0.110							
32541	207	---	0.04	<	0.012							
32542	207	---	0.19	<	0.134							

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CERTIFICATION : W. Stan Amundson



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Project : KURTIS  
Comments:

Page N 3  
Tot. Pages: 3  
Date : 17-DEC-87  
Invoice # : 1-8727521  
P.O. # :

## CERTIFICATE OF ANALYSIS A8727521

SAMPLE DESCRIPTION	PREP CODE	Ag oz/T	Au oz/T									
32543	207 ---	0.51	1.501									
32544	207 ---	0.06	0.010									
32545	207 ---	0.05	0.006									
32546	207 ---	< 0.01	0.002									
32547	207 ---	0.01	0.003									
32548	207 ---	< 0.01	0.002									
32549	207 ---	0.02	0.001									

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CERTIFICATION : *W. Sturmanini*

APPENDIX 3  
DETAILED DESCRIPTION OF THE  
MAIN CENTRES OF EXCAVATION

<u>Trench 1</u>		<u>Au g/t</u>	<u>Ag g/t</u>
32451	Grab 40 cm limonitic quartz	0.060	2.25°
32452	20 cm channel chloritic quartz, sooty grey sulphides	0.039	1.14°
32453	42 cm channel limonitic quartz	0.013	0.23°
32454	20 cm channel limonitic quartz & gouge, trace sooty sulphides	0.076	0.34°
32455	22 cm channel rusty quartz vein, minor pyrite	0.264	1.01°
32456	35 cm channel sheared diorite between two veins, disseminated pyrite, pyrrhotite	0.006	0.06
32457	55 cm channel high grade altered grey sooty sulphide zone in quartz vein, trace chalcopyrite	0.236	0.71°
32458	10 cm channel quartz with 20% massive sulphides, pyrite	4.529	12.40
32459	50 cm channel quartz vein with minor sulphides	0.154	0.39°
32460	40 cm channel diorite, quartz footwall	0.004	0.04
32461	30 cm grab quartz 2-5% pyrite & trace chalcopyrite (in fractures)	0.232	0.79°
32462	130 cm channel quartz vein - no visible sulphides	0.020	0.04°
32463	40 cm channel limonitic quartz with trace pyrite	0.064	0.61°
<u>Trench 2</u>			
32464	20 cm grab limonitic rusty siliceous diorite (no sulphides visible)	0.014	0.06°
<u>Trench 3</u>			
32465	40 cm rusty siliceous diorite, some malachite	0.011	0.01°
<u>Trench 4</u>			
32466	50 cm grab quartz with 1% pyrite	0.011	0.03°
32467	20 cm grab highly foliated diorite or sediments, yellow-purple, >5% sulphides	0.004	0.04



32468	40 cm limonitic yellow sheared sediments	0.003	0.06
32469	30-40 cm grab quartz vein, 1% pyrite	0.009	0.07
32470	150 cm quartz vein in limonitic zone no visible sulphides	0.006	0.04
<u>Trench S</u>			
32471	40 cm grab sooty grey-black sulphides in quartz pyrite, trace chalcopyrite	0.004	0.07
32472	20 cm channel footwall quartz vein trace pyrite, manganese	0.011	0.01*
32473	25 cm channel chloritized diorite along footwall of vein, minor pyrite, pyrrhotite	10 ppb	0.7 ppm
32474	80 cm channel quartz with 1% pyrite and trace chalcopyrite in fractures	0.004	0.02
32475	Grab pyritized vuggy quartz and minor chlorite	0.003	0.02
32476	20 cm channel limonitic vuggy quartz trace pyrite	0.022	0.26*
32477	150 cm channel siliceous diorite of hangingwall of vein, trace pyrite, pyrrhotite	150 ppb	3.1 ppm*
32478	60 cm channel quartz vein pyrite and trace chalcopyrite in fractures	0.012	0.03*
32479	25 cm channel sheared quartz on footwall, chloritic, trace pyrite	0.002	0.01
32480	20 cm channel barren, limonitic quartz with rusty cavities	0.010	0.03*
32481	100 cm channel quartz vein, limonitic, no sulphides visible	0.001	<0.01
32482	45 cm channel limonitic quartz vein, no sulphides	0.008	0.07
32488	50 cm grab pyritized, highly siliceous diorite near shear zone	<0.001	<0.01
32489	15 cm channel pyritized quartz vein 2% pyrite within chlorite	0.005	0.02

Trench 6

32483	80 cm channel fractured limonitic chlorite quartz, minor pyrite	0.001	<0.01
32484	38 cm channel "stockwork" like quartz vuggy cavities, trace sooty sulphides	0.005	0.04
32485	32 cm channel "stockwork" veining chloritic	0.001	<0.01
32486	100 cm channel "stockwork" quartz diorite, minor pyrite 32484 38 cm channel "stockwork" like quartz vuggy cavities, trace sooty sulphides	0.005	0.04
32485	32 cm channel "stockwork" veining chloritic	0.001	<0.01
32486	100 cm channel "stockwork" quartz diorite, minor pyrite	0.001	<0.01
32487	130 cm channel "stockwork" with abundant quartz	0.003	<0.01

Trench 7

32502	15 cm grab quartz vein (1 m) trace pyrite	0.002	0.02
32503	50 cm grab rusty quartz - trace pyrite	0.010	0.04*
32504	50 cm grab rusty siliceous diorite tr-1% pyrite	0.013	0.04*
32505	50 cm grab siliceous diorite - 1 - tr% pyrite-pyrrhotite	<5 ppb	0.1 ppm
32506	50 cm grab chloritic siliceous carbonate altered diorite, 1% sulphides	<5 ppb	0.1 ppm
32507	30 cm grab siliceous vein-like material, 1-2% sulphides	0.001	0.01
32508	40 cm selective grab E/W quartz vein ankeritic, 1% sulphides	<0.001	0.01
32509	Grab - siliceous diorite in limonitic zone	<5 ppb	0.4 ppm
32510	100 cm channel vein like siliceous zone near shear zone	0.001	<0.01

Trench 8

32473	Grab ankeritic siliceous diorite, 1% pyrite veinlets	<5 ppb	0.5 ppm
32474	Grab ankeritic siliceous diorite, trace pyrite pyrrhotite veinlets	<5 ppb	0.3 ppm

Trench 9

32511	50 cm grab ankeritic quartz vein, 1-2% sulphides	<0.001	<0.01
32512	50 cm grab grey-green diorite, 2% sulphides	<5 ppb	0.1 ppm
32513	40 cm grab ankeritic quartz diorite	<0.001	<0.01

Old Trench 5

32535	25 cm channel quartz pod 5% pyrite, 1% galena, most sulphides near wall	0.152	1.02*
32536	45 cm channel quartz, white, limonitic, chloritic along wall, trace disseminated pyrite & disseminated galena.	0.016	0.20*
32537	10 cm grab heavily oxidized, chloritized diorite, *high Ag	<5 ppb	1.4 ppm*
32538	60 cm channel quartz trace pyrite with chlorite, 5% diss. galena	0.044	0.23*
32539	38 cm channel limonitic quartz mag. trace pyrite, trace galena	0.293	1.15*
32540	40 cm channel hem stained quartz and limonite, trace pyrite, trace galena	0.110	0.34*
32541	Grab quartz limonitic, no visible sulphides	0.012	0.04*
32542	10 cm grab hematite stained quartz with trace pyrite	0.134	0.19*
32543	Grab gossany limonitic clay infilled quartz, no visible sulphides	1.501	0.51*
32544	Grab rusty limonitic quartz vein	0.010	0.06*
32545	30 cm channel white quartz, no visible sulphides	0.006	0.05
32546	Grab 20 cm white chloritic quartz, no visible sulphides	0.002	<0.01

Trench 10

32515	40 cm grab 1-2% sulphides in highly siliceous quartz flooded diorite	0.001	<0.01
32516	Grab limonitic clay altered quartz	<0.001	<0.01
32517	30 cm grab sheared limonitic quartz material	<0.001	<0.01
32518	35 cm channel sheared limonitic quartz vein	0.001	0.01
32519	30 cm grab sheared quartz vein	0.001	<0.01
32520	50 cm grab highly siliceous diorite flooded with quartz veinlets	0.001	<0.01
32521	15 channel hematite stained quartz vein	<0.001	<0.01

Lower Adit

32526	60 cm channel with very fine pyrite, limonitic on edges, shear zone highly siliceous centre	<0.001	<0.01
32528	Grab cherty siliceous zone trends 124°, sooty grey sulphide lenses	0.001	<0.01
32529	50 cm grab limonitic quartz lense, cherty, minor disseminated pyrite, part brecciated	0.001	0.01

South Pit

32525	50 cm grab siliceous diorite with 2% sulphides, some galena	345 ppb	0.9 ppm*
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South West Pit

32490	Grab pod of quartz over 1 m with pyrite and malachite	0.002	0.05
32491	60 cm E/W channel purple-yellow highly altered diorite - sediment	<5 ppb	0.5 ppm
32514	Grab quartz vein with pyrite and chalcopyrite	0.001	<0.01
32523	Channel 35 cm quartz vein with 1% pyrite-trace malachite	<0.001	<0.01
32524	30 CM grab adjacent to vein, foliated grey-brown metasediment some quartz stringers	5 ppb	0.3 ppm

Caved Adit

32413	30 cm grab from southwest wall, chloritic quartz vein	<0.001	0.01
32414	30 cm grab chloritic quartz vein 2% pyrite along fractures	0.001	0.01
32415	50 cm grab northeast wall, ultra-mafic looking country rock	<5 ppb	0.1 ppm
32416	Composite high grade grab, quartz-pyritic-rusty	0.073	0.98*

Eastern Trench

32530	Grab gossany rusty 'limy' chloritic diorite	225 ppb	0.9 ppm
32531	50 cm channel chloritic, foliated shear, infilled with quartz and calcite	<0.001	0.01
32532	70 cm channel limonitic chloritized diorite - no visible sulphides	<5 ppb	0.4 ppm
32533	50 cm channel quartz vein 0.5% Pb, trace pyrite, chalcopyrite	0.002	0.08
32534	35 cm grab chloritic quartz vein with pyrite	<0.001	0.01
32495	Grab quartz pods along 028 shear limonitic-minor pyrite-chalcopyrite chloritic	<0.001	0.01
32496	Grab quartz pods along 028 shear trace pyrite in chlorite inclusions	0.001	0.02
32497	Grab quartz 028 limonitic, trace pyrite-chalcopyrite, manganese staining	0.001	0.01
32498	Grab limonitic quartz with chlorite no visible sulphides	0.011	0.09*
32499	40 cm channel limonitic quartz - no visible sulphides	0.001	0.04
32500	40 cm channel barren bull quartz, part limonitic, no visible sulphides	0.003	0.01
32501	Grab limonitic quartz vein minor pyrite-galena chlorite	0.003	0.07

Trench 11

32533	50 cm channel quartz veining, 0.5% galena, trace pyrite-chalcopyrite	0.002	0.08
32534	35 cm grab quartz veining with pyrite in chlorite	<0.001	0.01

Sulphide Zone

32547	Grab high grade pyrite-pyrrhotite in altered diorite, 2% pyrite-trace chalcopyrite	0.003	0.01
32549	50 cm grab high grade pyrite, pyrrhotite in rusty manganese chloritic diorite	0.001	0.02

**APPENDIX 3**

**DETAILED DESCRIPTION OF THE**

**MAIN CENTRES OF EXCAVATION**

## Trench 1

Part of this zone near the north end was previously blasted and a small zone has given gold values both in the late 60's, and as recently as this fall.

P. Dasler's high grade sample, 22411, was of quartz vein material with visible gold and returned 3.367 opt gold.

From the above sample location, the vein shear system was traced over 40 metres to the south and 10 metres to the north along a 160° strike.

Quartz veins occur as lenses and pods up to 12 metres long and 1.5 metres wide, with strikes between 160° and north/south. Often where the quartz attains these greater thicknesses, it appears bull-like and clear. Along the margins, limonitic shearing can often host up to 5% sulphides of mostly pyrite and chalcopyrite. Galena is also present in trace amounts. On the margins of the thicker parts of the veins, these sulphides can be 40 cm wide. Within the veins 10 cm wide pods of massive sulphides occur with a very sooty appearance. Sulphide occurrences such as these are common where veins kink and where adjacent shearing terminates vein pods.

Northeast-southwest shearing truncate the quartz lenses throughout the length of the trench. Less common are east-west trenching shears.

Dips on the veins are steep, both east and west, so overall they can be considered near vertical. Curved stringers of quartz and pods are present on a macro metre scale and on a micro-centimetre scale. The plunge of these structures was not ascertained.

Away from the veins and shears, by maybe a metre or so, the diorite is medium grained and quite fresh looking throughout much of the trench, with a salt and pepper appearance due to chloritized hornblendes and quartz crystals. Moving nearer to the shears, the diorite becomes intensely chloritized.

## Trench 2

This northwest trending trench was dug to investigate the possibility of vein material extending over from Trench 1. Apart from a small zone of limonitic siliceous diorite, no large quartz bodies were encountered.

## Trench 3

This trench had reached the same result as Trench 2.



#### Trench 4

The most northern trench excavated exposed northeast trending pods of quartz, with sheared limonitic alteration zones mainly on the south side. Lensoid "fold like" quartz occurrence was the general shape. With both bull quartz and up to 1% pyrite in the quartz veins, some of the quartz and shearing was also the same direction as in Trench 1 with north to northwest trending shears.

Rocks on the eastern part of this trench looked dioritic, but at 32467 the rocks were yellow-purple stained and highly foliated, with 3% sulphides of pyrite, pyrrhotite, and looking more like highly altered metasediments.

#### Trench 5

The northern part of this trench exposed a main vein system extending 22 m and striking at 147°. It appears very similar to the system in Trench 1, with shears paralleling the lensoid quartz bodies and also truncating them at oblique angles. The north part of this trench shows the quartz vein to be cut off by a northwest shear. Through the middle of Trench 5, a zone trending northeast truncates the south part of the main vein zone. Quartz varies from clear bull quartz to vuggy quartz with chlorite, and sheared fractured quartz with pyrite, pyrrhotite and trace chalcopyrite. Limonitic shear zones occur within the middle of the main vein.

In the northeast shear zone, at the middle of the trench, the diorite is highly silicified and chloritized, and well pyritized. The south part of Trench 5 has another 147° quartz shear trench, i.e. 32489, which is much more weakly developed than in the northern part with the quartz pods irregular and generally barren of sulphides.

#### Trench 6

This cross trench was dug to find out the displacement on the main vein and showed a 7 m width of silicification from the southern tip of Trench 5 and extending east. Vuggy quartz veins with minor sulphides occur in this zone and are separated by irregular masses of chloritic and weathered diorite giving almost a stockwork appearance with irregular stringers of quartz with no measurable direction. The eastern extent of this zone consists of a fractured limonitic quartz vein, 80 cm wide, with fractures containing pyrite and chlorite.

### Trench 7

The longest cross trench, at 107 m, was dug to investigate how the above showings relate to those to the south, primarily the caved adit and main adit, and indeed the underground workings. At the eastern end of the trench, at 32502, a 1 m wide quartz vein with trace pyrite is present. At sample 32504, siliceous diorite with up to 1% pyrite occurs. It would seem that the vein at 32502 reflects at surface what is happening to the main vein underground when tied into the showings further north. It would seem to be continually displaced to the west as it is traced north. The northeast shearing seen both on surface and underground, would seem to be the most likely cause of this.

The samples between 32506 and 32510 seem to reflect a different structural regime with ankeritic quartz veins having a dominantly E/W trend, with adjacent limonitic alteration zones a very characteristic feature. The widest quartz vein being not much more than 0.5 m.

### Trench 8 and 9

These trenches were dug to trace E/W structures from Trench 7. They exposed ankerite and contain trace amounts of pyrite and pyrrhotite. The country rock is diorite with chloritized and limonitic zones near the veins.

### Old Trench 5

The northern part of this zone could be in sediments. Veining trends north and some is in highly gossanous zones. The middle part of this trench has north-trending quartz lenses. Sulphides are minor, but alteration is strong with clays, calcite and chlorite predominating.

The southern part of this trench is more likely to be in diorite. Quartz lenses have more of a northwest trend than they did in the northern part of this trench. Sulphides are strongest along the margins of the veins. Disseminated pyrite and galena are common here, with concentrations of both up to 5%. This zone is extensively manganese and limonite-rich giving it an orange-brown colour. Hematite weathering is also present. Shearing appears to be commonly north-south throughout this trench.

### Trench 10

This trench exposes a sheared zone with ankeritic quartz veins which extends along a 120° strike for 40 m. In the middle of this zone a cross-cutting shear terminates the main veins. The shear is on a strike of 070° and this might extend through the sulphide zone and to the shear on the Eastern Trench. The best sulphides for this zone were seen in the road cut at 32515 where cherty looking silica with a bluish colour contains very fine disseminated pyrite. The quartz vein at 32521 at the other end is hematite altered.

### Lower Adit

The 10 m northwest of the lower adit was cleaned out exposing two limonitic shears. One of these shears is on strike with Trench 10, the other is E/W trending. The total width sampled across these two shear zones was 135 cm. These were very similar in mineralization to sample 32515 described above from Trench 10.

### South Pit

This trench exposed two rusty limonitic shears northeast and northwest trending. A grab sample of highly siliceous, white-pale green diorite was taken which contained about 2% sulphides; mainly pyrite, pyrrhotite and galena.

### Southwest Pit

Two veins were outlined, one trending N/S, containing pyrite and trace malachite, with chlorite; and one vein with a northwest strike similar to those in Trench 10, with pyrite and chalcopyrite. Both of these were less than 0.5 m in width. At 32490, a metre wide pod of quartz vein material, with pyrite and malachite, outcrops. This pod is probably related to the N/S veining described above.

### Caved Adit

Rocks on the western part of this showing are dioritic in mineralization. The face and eastern wall of the showing look "ultramafic" in composition, and is quite rotten. In the middle, striking at 156°, is a quartz vein which is chloritic and contains 2% pyrite. High grade grabs from the area were taken of very rusty quartz with more abundant pyrite. Vein material is present on the western wall with an undetermined strike direction.

### Eastern Trench

This northeast trending trench, 60 m long, exposed quartz veining and shear zones of varying attitudes and will be considered in three sections; a south, middle and northern section.

The southern section exhibits quartz veining in two directions. A 7 m long zone of quartz with pyrite and trace chalcopyrite, runs northeast, parallel to a limonitic shear, strike 028°. This gives way to northwest trending pods with no visible sulphides.

The middle section of the Eastern Trench has quartz veins which are up to 70 cm wide. Sulphide content is generally poor, with some trace pyrite present. Shearing here is at 070° and 010°. Veining is abundant, but irregular in shape with a general ENE trend. Limonite and hematite weathering is present adjacent to the quartz bodies.

The northern part of this trench exhibits shears at 283° strike with some minor veining on this strike, with weak sulphide mineralization. Most characteristic of this zone is the chlorite, carbonate, clay alteration. This representing a degassing phase, contemporaneous with vein emplacement.

### Trench 11

Situated between the Lower Adit showing and the southern section of the Eastern Trench, this rectangular showing has two vein directions.

A NNW vein containing galena, pyrite and chalcopyrite is 0.5 m wide, and extends for 5 m until it is truncated to the north by an ENE shear with another quartz vein 0.35 m wide with pyrite and chlorite.

### Sulphide Zone

This zone contained no quartz vein material, but was heavily manganese weathered, and very rusty, giving a gossanous appearance. Abundant pyrite and pyrrhotite is disseminated throughout. The zone is 20 m long, at 070° strike and 8 m wide. Fracture directions are shown on the map.

### Soil Anomaly Trenching

An attempt was made to chase a gold soil anomaly from geochemical work done in 1972. This was done along an ENE trending line for 50 metres, 50 metres north of Jennie Creek, near the road intersection, an area approximately 180 m southwest of Old Trench 5. This was abandoned after encountering 6 metres of overburden.

**APPENDIX 4**  
**GEOPHYSICAL REPORT**

**GEOPHYSICAL REPORT**

**ON**

**IP AND RESISTIVITY SURVEYS**

**OVER A PORTION OF THE**

**KURTIS PROPERTY**

**JENNIE CREEK, KELOWNA AREA**

**VERNON M.D., BRITISH COLUMBIA**

---

**PROPERTY** : On Jennie Creek, 10 km north of  
the city of Kelowna.  
: 50° 45' North Latitude  
119° 31' West Longitude  
: N.T.S. 92E/13E

**WRITTEN FOR** : PARKWOOD RESOURCES LTD.  
530-800 West Pender Street  
Vancouver, B.C., V6C 2V6

**WRITTEN BY** : David G. Mark, Geophysicist  
Patrick Cruickshank, Geophysicist  
GEOTRONICS SURVEYS LTD.  
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Vancouver, B.C., V6C 2V6

**DATED** : February 29, 1988

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SUMMARY

IP and resistivity surveys were carried out in two phases during January and early February, 1988 over fourteen lines within the Kurtis property. It is located on the upper reaches of Jennie Creek, which drains eastward into Okanagan Lake, in south central British Columbia.

The main purpose of the IP survey was to locate sulphide mineralization which on this property may occur with gold and silver values. The main purpose of the resistivity survey was to locate epithermal gold veins suspected to occur in the southeastern portion of the property. An additional purpose was to map alteration, geological structure, and lithology.

The host rocks to the mineralization on the property are a melanocratic diorite, and the Cache Creek metasediments and volcanics it has intruded. Structural geology is complex in the area, with several shear directions and varying degrees of alteration noticed on the property. Assays of gold have reached 4.5 opt on this property, associated with pyrite in northwest and north-south striking shear-hosted veins. East-west shearing in the southern portion of the property may form part of a possible epithermal system. Gold production, only completed in 1935, was reported at five tons grading 10 opt gold and 3.6 opt silver.

The property is accessible by a two- or four-wheel drive truck with chains in the winter. The terrain varies from gentle on the western side to very steep on the property's eastern edge. Vegetation consists of very light underbrush within moderately populated coniferous trees and stands of aspen.

The IP and resistivity surveys were conducted using a Hunttec receiver operating in the time-domain mode. The array used was the double-dipole with 5-, 15- and 30-metre dipoles read to ten, six and four levels, respectively. A total of fourteen lines were covered with the results being plotted on fifteen pseudosections and contoured.

### CONCLUSIONS

1. The IP (chargeability) survey revealed several strong anomalous zones across the survey area. These zones are very likely reflecting sulphides since (a) some of the individual IP highs can be correlated with known sulphide mineralization, (b) the results are so strong that only sulphides are likely the causative source, (c) graphite could be a cause as well but none has been noted in the area. Since the gold mineralization on this property occurs with sulphides, the IP highs become prime exploration targets.
2. The resistivity lows correlating with the IP highs indicate fracturing and alteration occurring with the sulphides and resistivity highs correlating with the IP highs indicate silica and calcite flooding of the sulphide mineral zones.
3. The strongest, most prominent zone is that labelled A which has a minimum strike length of 1,040 m and subparallels Jennie Creek striking in an easterly-westerly direction. The zone has good depth extent having a good strength at all levels.

Zone A is composed of several IP highs that appear to dip northerly for the most part. On a few lines, a southerly dip is indicated. The individual highs each probably reflect a separate causative source such as sulphide zones hopefully containing gold values.

4. Several northerly-striking resistivity lows occur within the northern part of the eastern grid and have been labelled B through to H, respectively. The causative sources are probably shear zones as some can be correlated directly with the resistivity lows. Also IP highs correlate with some parts of the resistivity lows indicating structurally controlled sulphide zones that may contain gold. (quartz-pyrite vein within Old Trench 5 correlates with IP high, for example)
5. Gold and mercury anomalies correlate directly with zones B, C and D making these prime exploration targets.
6. The mineralized veins striking nearly northerly, parallel to zones B to H, and showing good gold content could be stringers (known as riedels) striking normal to direction of the main zone.
7. Another very prominent feature is the resistivity high/IP low within the northeast corner of the survey area. Geological correlation indicates the causative source to be a diorite or quartz diorite intrusive. Several of the resistivity lows mentioned in (4) strike through this feature.

### RECOMMENDATIONS

The IP and resistivity surveys over a portion of the Kurtis property have encountered very encouraging results that definitely warrant further work. The bulk of this work should be diamond drilling as the geological work and trenching as well as the IP and resistivity surveys have revealed numerous targets. From the geophysics, the suggested targets are:

1. the eastern part of anomalous zone A. The individual IP highs dip largely to the north, and therefore the drill hole collars should be to the north of the anomalies;
2. the western part of anomalous zone A, especially on line 8+20W. The individual highs dip largely to the north as well, though some dip to the south. The collars should therefore be placed accordingly. One high of special interest is the northern IP high on line 7+10W; and
3. the northerly-striking resistivity lows, especially B, C, and D. Correlating and adjacent IP highs are also of interest.

The location of the collars as well as the dip and length of the holes should be determined by both the geologist and geophysicist. As information from the drilling becomes available, these are likely to change.

Trenching would be useful over the western survey area, but it is thought the overburden is too deep. One or two seismic lines would adequately determine the depth of overburden and thus whether trenching could be done.

Soil sampling is also recommended over the western survey area as none has been previously carried out over this part of the property.

If the drilling proves to be successful, then further IP-resistivity work would definitely be warranted. Suggested coverage would probably be:

1. to fill in the space between 0+40W and 4+75W with north-south lines;
2. extend anomaly A to the east as well as to the west; and
3. carry out further detailing in anomalous areas with 5-meter dipoles.

GEOPHYSICAL REPORT  
ON  
IP AND RESISTIVITY SURVEYS  
OVER A PORTION OF THE  
KURTIS PROPERTY  
JENNIE CREEK, KELOWNA AREA  
VERNON M.D., BRITISH COLUMBIA

---

INTRODUCTION AND GENERAL REMARKS

This report discusses the instrumentation, theory, field procedure and results of IP and resistivity surveys carried out over a portion of the Kurtis and Bluehawk claims. The property is located over 10 km north of the city of Kelowna, on the west side of Okanagan Lake.

The field work was completed in two phases from January 6th to the 15th and January 27th to February 2nd, 1988 under the supervision of David Mark, geophysicist and under the field supervision of Pat Cruickshank, geophysicist, who also formed part of the field crew. A geophysical technician as well as 1 helper completed the crew of three.

In 1935, there was a recorded production of five tons of 10 opt gold and 3.6 opt silver from discontinuous quartz veins. The gold and silver mineralization is known to occur with sulphides.

The purpose of the IP survey therefore was to locate sulphide mineralization. The purpose of the resistivity survey was to map the mineralized zones either by a resistivity low which would indicate fracturing and/or alteration, or by a resistivity high which would indicate silica and calcite flooding. A secondary purpose was to map geological structure and lithology.

The main purpose of the resistivity surveying south of the main showings was to locate epithermal gold veins by responding to the associated alteration as resistivity lows. Propylitic alteration was noted in this area and thus suggested it could be the halo to an epithermal system.

#### PROPERTY AND OWNERSHIP

The property consists of two contiguous claims totalling 24 units as shown on Map 2 and as described below:

<u>Name of Claim</u>	<u>No of Units</u>	<u>Record Number</u>	<u>Expiry Date</u>
Kurtis	4	2249	Mar. 20, 1991
Bluehawk #1	20	2389	Nov. 18, 1991

Because the Bluehawk claim overlies 16 units of the Kurtis claim, only four of the Kurtis units will be kept in good standing (the Kurtis claim currently consists of 20 units).

The expiry dates shown takes into account the work described within this report as being accepted for assessment credits.

The claims are wholly owned by Parkwood Resources Ltd. of Vancouver, though the recorded owner is Richard S. Simpson.

### LOCATION AND ACCESS

The Kurtis property is located about 10.5 km north of Kelowna's floating bridge, and on the west side of Okanagan Lake. The property occurs on and around Jennie Lake and Jennie Creek.

The geographical coordinates for the center of the property are 50° 45' north latitude and 119° 31' west longitude.

Access to the property is gained by travelling on Westside road from Kelowna, and then, for seven km, along Bear Lake logging road. An old road is then followed directly to the property. (chains recommended for winter travel).

### PHYSIOGRAPHY

The property occurs within the southern part of the Thompson Plateau, a physiographic division of the Interior Plateau System. The terrain is gentle to moderate over the west side of the property but drops off towards the Okanagan valley to the east, producing some very steep slopes. The elevations vary from 550 m within the northeast corner of the property to 1,250 m at the northwestern corner to give an elevation difference of 700 m.

The southern part of the property is mainly drained by the easterly-flowing Jennie Creek, which drains into Okanagan Lake. An easterly-flowing unnamed creek drains the northern part of the property. At the time of the survey, Jennie Lake was dry.

The vegetation consists mainly of lightly- to moderately-dense stands of aspen and pine with light underbrush.



## HISTORY

The history of this property is taken from a draft geological report by Taylor.

"The property covers old trenches and underground workings of the Blue Hawk Mine, reported in the B.C. Minister of Mines Report for 1933, 1934, 1935 and 1938. Several quartz veins ranging from narrow fracture fillings to veins four feet thick were explored by the Blue Hawk Syndicate in 1933.

"The only production from the property (1935) was reported at five tons grading 10 opt gold and 3.6 opt silver. The latter apparently was obtained from the Blue Hawk adit, which consists of about 300 feet of underground workings.

"Since 1965, the mine and surroundings have been held by two separate groups. The first was Dawood Mines, 1965-1980, and the second was fronted by N.C. Leonard, P.Eng., in the period 1980-1986.

"Work done by Dawood Mines consisted of trenching, linecutting and grid preparations; and a magnetometer survey, geological mapping and geochemical soil sampling in 1969, 1972 and 1974. Minor scaling of the main adit walls and roof was also undertaken."

"Leonard's work consisted of further geochemical and geophysical work at various 'sites' and further stripping of veins, as well as some reconnaissance mapping."

## GEOLOGY

The following is quoted from Taylor's draft report:

### 1. Regional

"The property is on the western border of the Shuswap metamorphic Terrane, a broad region of old sedimentary belts and granitic plutons.

"Near Okanagan Lake, the sediments probably belong to the Cache Creek Group (Permian), and the plutons to large batholiths formed during the Jurassic Cretaceous.

"Gold prospects in quartz veins occur on the west side of Okanagan Lake from Vernon, sparsely south to the Kurtis claim area. Mineralization usually consists of minor amounts of base metals, bismuth-tellurides, pyrite and some free milling gold.

### 2. Property

"The Kurtis-Blue Hawk property has its main area of economic interest centered within a melanocratic diorite - a diorite plug that has intruded the Cache Creek metasediments and volcanics. The diorite is strongly chloritized in many of the showings and foliation and fracturing is well developed in more than one direction. These factors, along with the multi-directional and most likely phase shearing, and silicification, make distinction between the diorite and the cherts and quartzites of the sediments, often difficult.

"Detailed lithological mapping was not undertaken. A concordant sill-like nature, as previously thought, is likely, though there may be many sills involved.

"To the east of the main showings, more obvious sediments and volcanoclastic material outcrop. South of Jennie Creek, a distinctive hornblende biotite granodiorite outcrops on cliffs facing Okanagan Lake. This is probably part of the Jurassic age batholith, which on a regional scale outcrops mainly on the north of the property."

### 3. Mineralization

"Quartz veining appears in most trenched areas and is characteristically associated with rusty shearing; and sinuously pinches and swells parallel and oblique to crosscutting shear planes. Many areas are gossanous, limonitic and manganese stained, giving good colour anomalies.

"Assay and geochemical results show the northwest and north-south striking veins to be the ones carrying the higher gold values. The southwest and east-west shears and zones of silica enrichment have not yielded significant values.

"The 4.529 opt sample from Trench 1 reflects an association with pyrite seen in many of the anomalous samples. The 1.501 opt sample from 'Old Trenches' seems more related to a shear parallel to the veining. Generally speaking however, pyrite mineralization within the quartz veins, in many cases, is associated with auriferous anomalies.

"Old Trench 5 has a relatively high galena content and samples from this trench have yielded anomalous values in gold and silver, with some extreme concentrations of silver, relative to gold."

Only minor amounts of gold and silver were found in the southeast area, with some copper anomalies.

A strongly calcareous and chloritic alteration pattern in the southeast area containing pyrrhotite and pyrite is apparently a halo region around a massive sulphide zone. This zone in turn envelopes a siliceous pyrite zone of gold- and silver-bearing veins further north, suggesting hydrothermal fluids from a degassing regime were injected into a pre-existing fracture system.

#### INSTRUMENTATION

The transmitter used for the induced polarization-resistivity surveys was a Model IPT-1, manufactured by Phoenix Geophysics Ltd. of Markham, Ontario. It was powered by a 2.5 kw motor-generator, Model MG-2, also manufactured by Phoenix.

The receiver used was a model Mark IV manufactured by Hunttec ('70) Limited of Scarborough, Ontario. This is state-of-the-art equipment, with software-controlled functions, programmable through the front panel.

The Mark IV system is capable of time domain, frequency domain, and complex resistivity measurements.

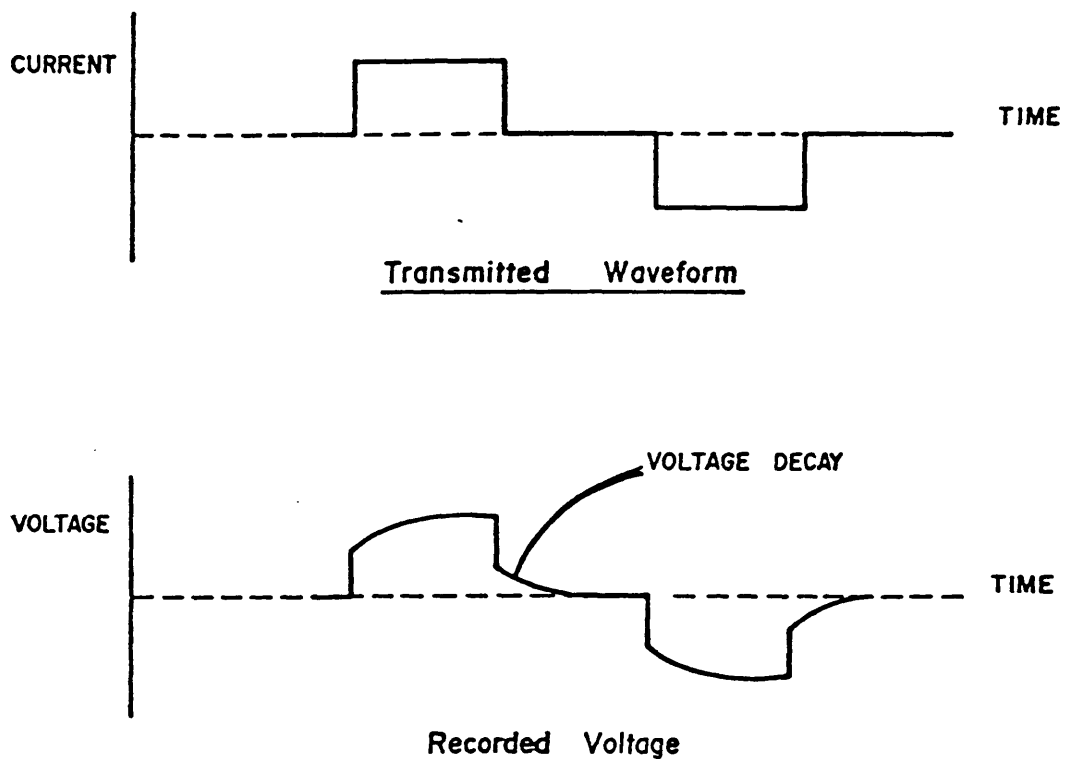
#### THEORY

When a voltage is applied to the ground, electrical current flows, mainly in the electrolyte-filled capillaries within the rock. If the capillaries also contain certain mineral particles that transport current by electrons (most sulphides, some oxides

and graphite), then the ionic charges build up at the particle-electrolyte interface, positive ones where the current enters the particle and negative ones where it leaves. This accumulation of charge creates a voltage that tends to oppose the current flow across the interface. When the current is switched off, the created voltage slowly decreases as the accumulated ions diffuse back into the electrolyte. This type of induced polarization phenomenon is known as electrode polarization.

A similar effect occurs if clay particles are present in the conducting medium. Charged clay particles attract oppositely-charged ions from the surrounding electrolyte; when the current stops, the ions slowly diffuse back to their equilibrium state. This process is known as membrane polarization and gives rise to induced polarization effects even in the absence of metallic-type conductors.

Most IP surveys are carried out by taking measurements in the "time-domain" or the "frequency-domain".



Time-domain measurements involve sampling the waveform at intervals after the current is switched off, to derive a dimensionless parameter, the chargeability, "M" which is a measure of the strength of the induced polarization effect. Measurements in the frequency-domain are based on the fact that the resistance produced at the electrolyte-charged particle interface decreases with increasing frequency. The difference between apparent resistivity readings at a high and low frequency is expressed as the percentage frequency effect, "PFE".

The quantity apparent resistivity,  $\rho_a$ , computed from electrical survey results is only the true earth resistivity in a homogeneous sub-surface. When vertical (and lateral) variations in electrical properties occur, as they always will in the real world, the apparent resistivity will be influenced by the various layers, depending on their depth relative to the electrode spacing. A single reading cannot therefore be attributed to a particular depth.

The ability of the ground to transmit electricity, in the absence of metallic-type conductors, almost completely depends on the volume, nature and content of the pore space. Empirical relationships can be derived linking the formation resistivity to the pore water resistivity, as a function of porosity. Such a formula is Archie's Law, which states (assuming complete saturation) in clean formations:

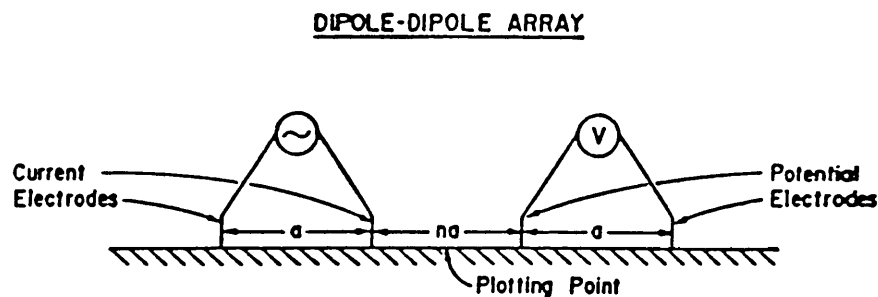
$$\frac{R_o}{R_w} = \frac{1}{\phi^2}$$

Where:  $R_o$  is formation resistivity  
 $R_w$  is pore water resistivity  
 $\phi$  is porosity

### SURVEY PROCEDURE

The IP and resistivity measurements were taken in the time-domain mode using an 8-second square wave charge cycle (2-seconds positive charge, 2-seconds off, 2-seconds negative charge, 2-seconds off). The delay time used after the charge shuts off was 200 milliseconds and the integration time used was 1,500 milliseconds divided into 10 windows.

The array chosen was the dipole-dipole array shown as follows:



The dipole length ('a') was chosen to be 15 m for most lines and 30 m for test lines 0+00N (extension) and 7+10W. The 15-m lines were read from one to six levels ('n') and the 30-m lines were read from one to four levels. One line at 0+75N was run with 5-m dipoles and read from one to ten levels to define a quartz vein containing high gold values.

The 15-m dipoles, read to  $n=6$ , give a separation of 105 m and a theoretical depth penetration of 50 to 75 m. The 30-m dipoles read to  $n=4$ , give a separation of 150 m and a theoretical depth

penetration of 80 to 100 m. The 5-m dipoles give a separation of 55 m, for  $n=10$ , and a depth penetration of 20 to 45 m.

The dipole-dipole array was chosen because of its symmetry resulting in a greater reliability in interpretation. Furthermore, narrow, vein-like targets which occur within the area, can be missed by non-symmetrical arrays such as the pole-dipole.

Stainless steel stakes were used for both current electrodes and the potential electrodes.

Readings were taken over fourteen different lines as shown on the survey plan (map 3) to give a total survey length of 7,060 m.

#### COMPILATION OF DATA

The IP (chargeability) values are read directly from the instrument and no data processing is therefore required prior to plotting. The resistivity values are derived from current and voltage readings taken in the field. These values are combined with the geometrical factor appropriate for the dipole-dipole array to compute the apparent resistivities.

The IP and resistivity surveys were conducted with lines striking in two directions:  $70^\circ$  and  $160^\circ$ , which were drafted in plan form on map #3, at a scale of 1:2,000. To produce each pseudosection, each value is plotted at a point formed from the intersection of a line drawn at  $45^\circ$  from the mid-point of each of the two dipoles. The IP pseudosections have been plotted in a stacked manner for the lines striking  $70^\circ$ , on map #6, and the resistivity pseudosections on map #7. The IP pseudosections for the lines striking  $160^\circ$  have been plotted in a stacked manner on map #8 and the resistivity pseudosections on map #9.



The pseudosections for line 0+00N extension, both IP and resistivity, have been plotted on map #10. The pseudosections for line 0+75N, both IP and resistivity have been plotted on map #11.

All pseudosections but line 0+75N were plotted at a scale of 1:1,000. Line 0+75N was plotted at a scale of 1:500 because of its short dipole length. This larger scale makes interpretation easier and more accurate.

The resistivity results were contoured at a linear interval of 100 ohm-metres. The IP (chargeability) results were contoured every 10 msec, with some sections contoured every 5 msec.

In addition to the pseudosection form, IP and resistivity survey results have been plotted and contoured for  $n=2$  on maps 4 and 5, respectively, at a scale of 1:2,000. The plan view of the contoured data was chosen to show at a glance the general trends of the anomalies discussed below. The level  $n=2$  was chosen because some anomalies are not apparent at  $n=1$ , and because lower levels would distort the picture too much due to electrode effect. It must be noted, however, that level  $n=2$  is subject to some electrode effect and so the plan view of the anomaly is often offset from the true position of the causative source. It is wider than ideal, and for a narrow, shallow causative source the plan view could show it as a double anomaly. Some anomalies can be seen on the pseudosections to be deeper than  $n=2$ , and thus would not be shown on the  $n=2$  contour maps.

#### DISCUSSION OF RESULTS

The IP and resistivity surveys were carried out in two phases, with phase one conducted with lines bearing  $70^\circ$ , and phase two

with lines bearing 160°. This grid was designed to delineate possible mineralization in any of the four strike directions noticed in the previous trenching. Because of the many fracture and shear directions recorded on this property, the IP pseudo-sections have not clearly defined all structures. Intersecting mineralized zones and zones oblique to the survey lines will produce less than ideal contour sections.

IP and resistivity anomalies of exploration interest have been labelled by the capital letters A to H, respectively.

Anomalous zone A is a very prominent feature as shown on map #5. It strikes east-west approximately 1,040 m and is open to the east and west. It is the only feature of significance seen on the north-south pseudosections. The character of the pseudosections suggest that zone A could be caused by several mineralized zones or veins. This zone is primarily an IP anomaly along much of its length. Chargeability highs commonly 70-80 ms reach highs of 92 ms correlating with both resistivity highs and lows. The causative source for these high values is most likely sulphides (graphite has not been seen on this property). Therefore, since gold is sometimes associated with sulphides, these IP highs are prime exploration targets. Such high IP values suggest that this system is most likely not a normal epithermal system, but possibly a low-acid epithermal, or a higher temperature mesothermal system.

A good topographic correlation is the manner in which zone A sub-parallel, and is proximally north of, Jennie Creek, suggesting a structural control. This attitude agrees strongly with the noted attitude of the shear planes measured in trenches 10 and 11, as well as the Eastern Trench nearby. The chloritic clay alteration noticed in the Eastern Trench could represent a halo of this system. The north-south pseudosections on the eastern part

of the grid mapped a general northern dip, while further west the dips are slightly more ambiguous on both the IP and resistivity pseudosections. The apparent dip directions have been sketched in over the anomalies as straight lines (it must be noted that the great line separation in most cases made line-to-line anomaly correlations difficult). The resistivity lows represent either fracturing or alteration associated with the mineralization. The resistivity highs associated with IP highs most likely represent calcite and/or silica flooding of fractures. Such a probability exists on line 8+20W, where two IP highs correlate directly with resistivity highs, and a third IP high on the top part, north side, correlates with a resistivity high.

Further east, line 7+10W was tested using 30-metre dipoles, which sacrifice definition for depth and speed of operation over 15-metre dipoles. This survey line has produced an IP anomalous zone (map #9) which suggests two systems dipping southward. The resistivity anomalous zone, however, suggests a northerly dip, and is more likely the correct interpretation. Across the rest of the western portion of the grid, there is no correlation standard between IP and resistivity anomalies, although the apparent dip is northward. A resistivity high on this side strikes clearly in a westerly direction towards Jennie Lake, and coincides with a local IP low. This is a similar characteristic to the IP results over trench 1, where high gold values were found. This could indicate a lightly altered or unaltered diorite striking alongside a shear zone hosting sulphides, with perhaps some quartz-bearing veins.

Along its length, IP anomalous zone A widens and narrows, with line 0+40W showing a wide zone with several anomalies apparently dipping southward. This characteristic could be due to one or more structures striking in a northerly direction, such as that

producing anomaly C. The IP/resistivity correlation here is not as clear as most of the other lines on the property. A fluctuating resistivity high anomaly below 0+40N could be the pantleg effect of either a pinching and swelling, quartz/calcite-flooded vein or a narrow diorite intrusion. The dip here is ambiguous, as the IP suggests a southward dip and the resistivity suggests a northward dip.

By lines 1+40E and 2+20E, the entire IP anomalous zone correlates strongly with the resistivity low zone. IP and resistivity anomalies show close, but no direct, correlation with a strongly suggested northward dip. The northern portions of these lines show good correlation between IP lows and irregular resistivity highs, indicating less-altered, highly fractured diorites. Minor resistivity and IP anomalies in the northern portion suggest the presence of minor sulphides. From the information of the east-west lines, this zone could be striking nearly northward, and obliquely to line 1+40E and 2+20E.

The lack of any lines between 0+40W and 4+75W leave only speculation on the location of anomaly A between them, though the apparent association with Jennie Creek is a guide. Although Jennie Creek was easily identified at 0+40W, the westernmost lines were surveyed across much more gentle snow-covered terrain, hindering absolute location of the creek.

The IP response for anomaly A is strong at all levels on the surveys, indicating very good depth extent across the entire grid.

Looking at the contoured grid map at the n=2 level for both the IP and resistivity surveys (maps 4 and 5, respectively), one of the most prominent features is the resistivity high/IP low occurring within the northeast corner of the survey grid area. From

geological mapping completed in the area, this feature is caused by diorite or quartz diorite. The geophysics would suggest that the southern extent of the intrusive is 0+50S at the eastern edge, and approximately 0+80W along the northern corner, being open to both the north and east. Around the edge of this intrusive there exist several resistivity highs which could indicate 'satellites' of the main body.

North of anomaly A and striking northerly through and west of the intrusive are at least seven resistivity lows. Since some of these have been mapped in the field as shear zones, therefore it would appear likely that the rest are also caused by shear zones. These have all been labelled by the upper case letters B to H, respectively.

According to discussion with Peter Dasler, the geologist in charge of exploration on the property, gold and mercury anomalies correlate with anomalies B, C and D. This would indicate these are prime exploration targets for gold mineralization. Within the diorite intrusive, an IP high of low amplitude correlates directly with resistivity anomaly D.

Care must be exercised in comparing the plan contour maps with the pseudosections. The pseudosections within the diorite body have indicated many narrow structures, but the plan map contours have merged some of these narrow structures. This effect is largely due to the northerly bias of the grid, which is a function of the dipole spacings versus line separations. The plan contours do, however, show the general trends of the shear zones. Shear zones striking approximately westerly are suspected of shifting the mineralized shear zones westward as they strike northerly. This effect could contribute to both the apparent strike directions of the main zones, and the complex pseudo-

section contours.

Anomalous zone B is a wide IP high/resistivity low zone striking at least 200 metres on the west side of lines 1+50N to 0+50S, as it is open to the north and south. The resistivity lows apparently dip westerly and no general rule of association can be seen between the IP and resistivity, as the resistivity lows correlate in places with IP highs and lows. Favourable correlation may be seen between the IP highs of zone B and the quartz-pyrite vein exposed within Old Trench 5. It is possible that pyritization occurs in a wide zone about Old Trench 5, and this pyritization could be the part of the halo around the diorite.

Anomaly C is a mainly resistivity anomaly, which is strongly indicated to dip westerly. This anomaly clearly strikes from 0+50S to 0+50N and appears to have shifted westward on line 1+00N. For the most part, there is little direct correlation between the resistivity lows and IP highs; some IP highs do, however, occur adjacent to anomaly C. Anomaly C appears further east on line 0+50S as a result of shearing or changing strike direction. The wide resistivity low and complex IP section of 1+00S indicate that there could be an intersection nearby of two or more fracture systems, and at oblique angles. Another plausible explanation is that 1+00S runs proximally and obliquely to a structure trending approximately east-west, which is most likely anomaly A. The character of anomaly C and anomalous zone B suggest that anomaly C could in fact be a part of zone B, occurring on zone B's eastern fringe.

Anomaly D appears to dip easterly from line 1+50N to 0+50N with moderate IP highs and resistivity lows. As this anomaly strikes southward, it appears to break up and weaken, perhaps due to cross-cut shearing or fracturing. The causative source of this

anomaly is most likely sulphides, and could be related to the steeply easterly-dipping systems exposed in the trenches dug in February, 1980, at lines 0+75N and approximately 1+00N.

Anomalies E, F and G are all resistivity lows and have the same orientation as anomaly D. They show consistent separation from one pseudosection to the next. These anomalies show little correlation with IP highs, but rather with some moderate lows, indicating the causative sources to be mainly geological structure or unmineralized alteration zones. Southward from line 1+50N, the system of anomalies D to G seem to strike southeast, until all but anomaly D has totally disappeared by line 0+50S.

Anomaly B is a westerly-dipping resistivity low, most likely caused by a shear which cuts across anomalies D and E at 0+00 and 0+50N. This anomaly correlates with an IP high only on line 0+50N, where it crosses E indicating cross-structure which therefore may be mineralized with sulphides, (as represented by the IP high).

The resistivity and IP contoured grid maps have indicated anomalies B to H as linear trends striking nearly southeast and thus these could represent structural zones striking off a main zone at right angles. Anomaly A could be this main zone, as the evidence compiled so far suggests.

Line 0+00N was extended to the west with 30-m dipoles to beyond Jennie Lake, to test for northerly-trending sulphide zones west of the main mineralized zone. The results of this IP/resistivity survey showed wide IP and resistivity anomalies, indicating that line 0+00N was sub-parallelising a sulphide zone as it swelled and bent in a roughly westerly direction. Northerly-striking lines were therefore placed across this line and determined that line

0-00N was indeed sub-parallelising an anomalous zone that was labelled A within this report as discussed above.

The high-grade sample from trench 1, showing association with pyrite within a quartz vein, warranted further investigation, and so one IP/resistivity survey line was run across the trench. This test line of 5-m dipoles was run at 0+75N between 0+00 and 0+25E and produced clear resistivity results. These results are compared with the trench data obtained by Brian Callaghan, who was the geologist mapping the property.

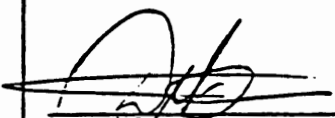
The resistivity section exposed three parallel resistivity lows indicating the vein trend to dip westerly. Dips measured at the target vein in trench 1 at 0+66E and at a second vein at 0+43E showed an approximate 70° westerly dip, agreeing with the dip direction for the resistivity lows. The middle resistivity anomaly correlates with the vein of trench 1 and could represent the presence of sulphide and/or chloritization within the diorite. The width of this low zone could be due to the quartz-carbonate vein at 0+58E cross-cutting the trench 1 vein and attracting sulphides. A local moderate IP high coincides with this zone, supporting this possibility, and a small IP high zone at depth indicates the presence of sulphides within this system. Very good correlations may be drawn between the sequence of high resistivity versus low resistivity at 50E - 55E and, respectively, the sequence of lightly altered diorite with calcite versus friable diorite with clay. The alternating sequence of low resistivity/high resistivity, westerly dipping anomalies probably represents the low resistivity sulphide zones overlying the quartz veins. A contradiction to this on the resistivity pseudo-section is the existence of two quartz carbonate vein expressions at 52E and 58E. These two veins could be Riedels which are offshoots of, and crosscut, the main vein systems.



The wide resistivity anomaly dipping westward at the eastern end of this line could represent a wide shear zone. This conclusion is supported by the surface expression of a topographic low.

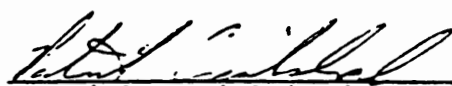
In general, IP pseudosection 0+75N shows unclear correlation with the resistivity anomalies, and in fact indicates a possible easterly dip with increasing sulphides at depth. This characteristic could be due to the multiple crosscutting shear zones mapped across the property.

Respectfully submitted,  
GEOTRONICS SURVEYS LTD.



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David G. Mark,  
Geophysicist



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Patrick Crickshank,  
Geophysicist

February 29, 1988

43/G414

REFERENCES

- Callaghan, Brian, B.Sc., (Searchlight Resources Inc.) Verbal communication and field-drawn maps with geological interpretation.
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- Panteleyev, Andrejs, Ore Deposits #10 - A Canadian Cordilleran Model for Epithermal Gold-Silver Deposits, Geoscience Canada Vol. 13, No. 2, June 1986.
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- Taylor, W.A., B.Sc., F.G.S., (Draft) Report on the Kurtis-Bluehawk Property, Vernon Mining Division, (Searchlight Resources Inc.) February 12, 1988.
- Okulitch, A.V. , Lithology and Stratigraphy Maps, Shuswap-Okanagan, Surveys and Mapping Branch, Dept of Energy Mines and Resources, GSC open file 637, 1977, 1978.

GEOPHYSICIST'S CERTIFICATE

I, M.A. PATRICK CRUICKSHANK, of the City of Vancouver, in the Province of British Columbia, do hereby certify:

That I am a consulting geophysicist of Geotronics Surveys Ltd., with offices located at 530-800 West Pender Street, Vancouver, British Columbia.

I further certify:

1. I am a graduate of the University of British Columbia (1986) and hold a B.A.Sc. degree in Geophysics Engineering.
2. I have been practising my profession for over one year.
3. I am registered with the British Columbia Association of Professional Engineers as an Engineer-in-Training, in geophysics.
4. This report is compiled from data obtained from induced polarization and resistivity surveys carried out by a crew of Geotronics Surveys Ltd., under my field supervision and under the supervision of David G. Mark, geophysicist, from January 6th to 15th and January 27th to February 2nd, 1988.
5. I hold five thousand (5,000) flow-through shares in Parkwood Resources, but I will not receive any interest as a result of writing this report.



Patrick Cruickshank  
Geophysicist

February 29, 1988  
43/G414

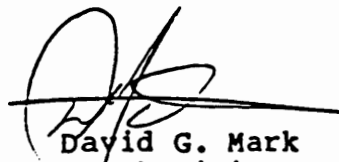
GEOPHYSICIST'S CERTIFICATE

I, DAVID G. MARK, of the City of Vancouver, in the Province of British Columbia, do hereby certify:

That I am a Consulting Geophysicist of Geotronics Surveys Ltd., with offices located at #530-800 West Pender Street, Vancouver, British Columbia.

I further certify:

1. That I am a graduate of the University of British Columbia (1968) and hold a B.Sc. degree in Geophysics.
2. I have been practising my profession for the past 20 years and have been active in the mining industry for the past 23 years.
3. This report is compiled from data obtained from induced polarization and resistivity surveys carried out by a crew of Geotronics Surveys Ltd., under the supervision of myself and under the field supervision of Pat Cruickshank, geophysicist, from January 6th to 15th and January 27th to February 2nd, 1988.
4. I hold thirty-two thousand (32,000) flow-through shares in Parkwood Resources, but I will not receive any interest as a result of writing this report.

  
David G. Mark  
Geophysicist

February 29, 1988  
43/G414

AFFIDAVIT OF EXPENSES

IP and resistivity surveys were carried out over A portion of the Kurtis and Bluehawk claims from January 6th to 15th and January 27th to February 2nd, 1988 in the Kelowna area, Vernon Mining Division, British Columbia to the value of the following

FIELD:

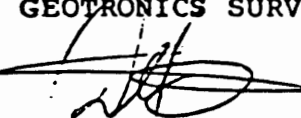
Mob-demob, at cost	\$ 1,129
3-man crew, 16.5 days @ \$1,300/day	21,450
Senior geophysicist, 1 day @ \$400/day	400
Senior geophysicist, travel expenses	<u>311</u>
	<u>\$23,290</u>

OFFICE:

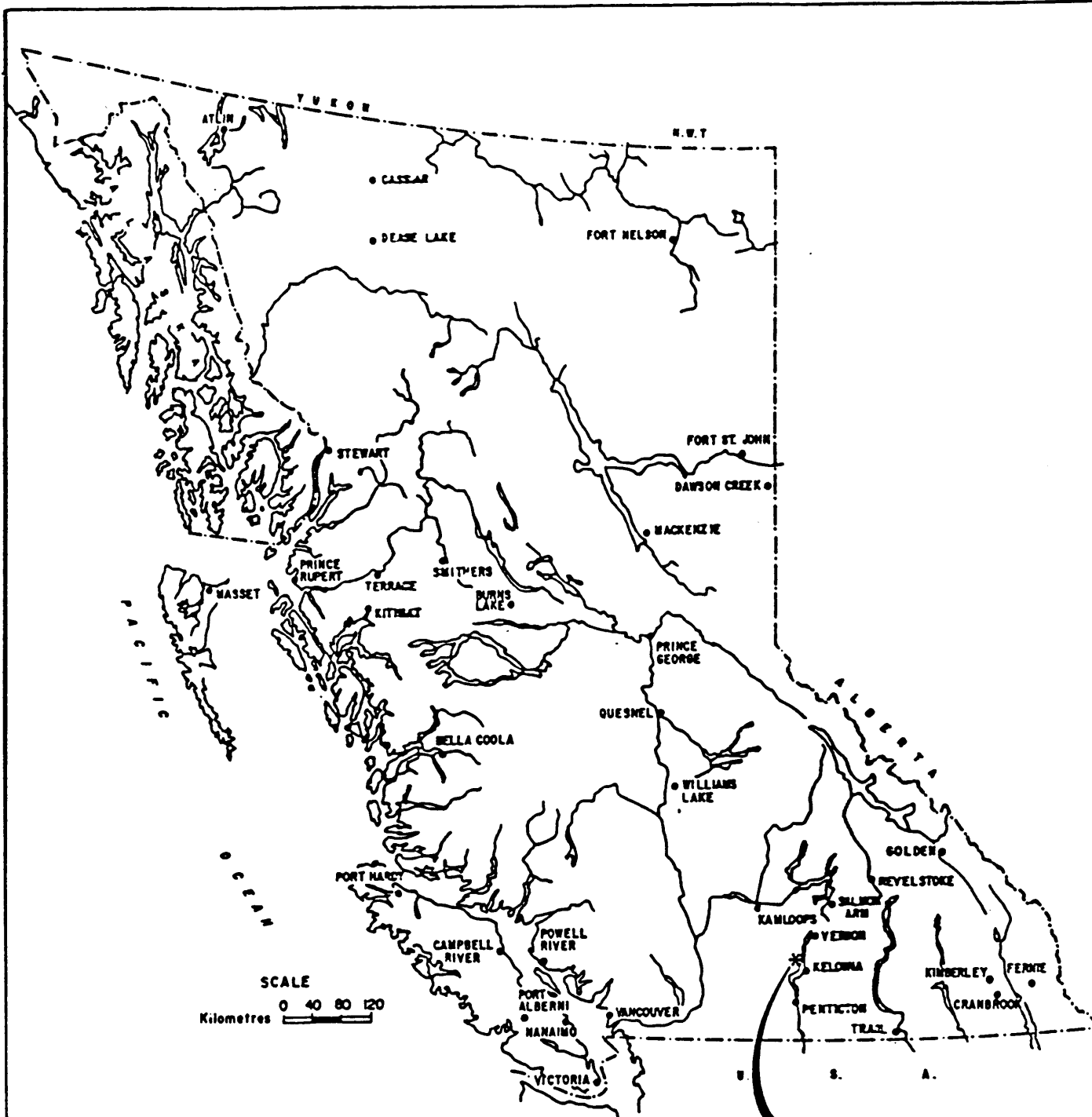
Junior geophysicist, 100 hours @ \$30/hour	\$ 3,000
Senior geophysicist, 15 hours @ \$45/hour	675
Geophysical technician, 33 hours @ \$25/hour	825
Drafting and printing	2,800
Typing, photocopying and compilation	<u>300</u>
	<u>\$ 7,600</u>

GRAND TOTAL	<u>\$30,890</u>
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Respectfully submitted,  
GEOTRONICS SURVEYS LTD.

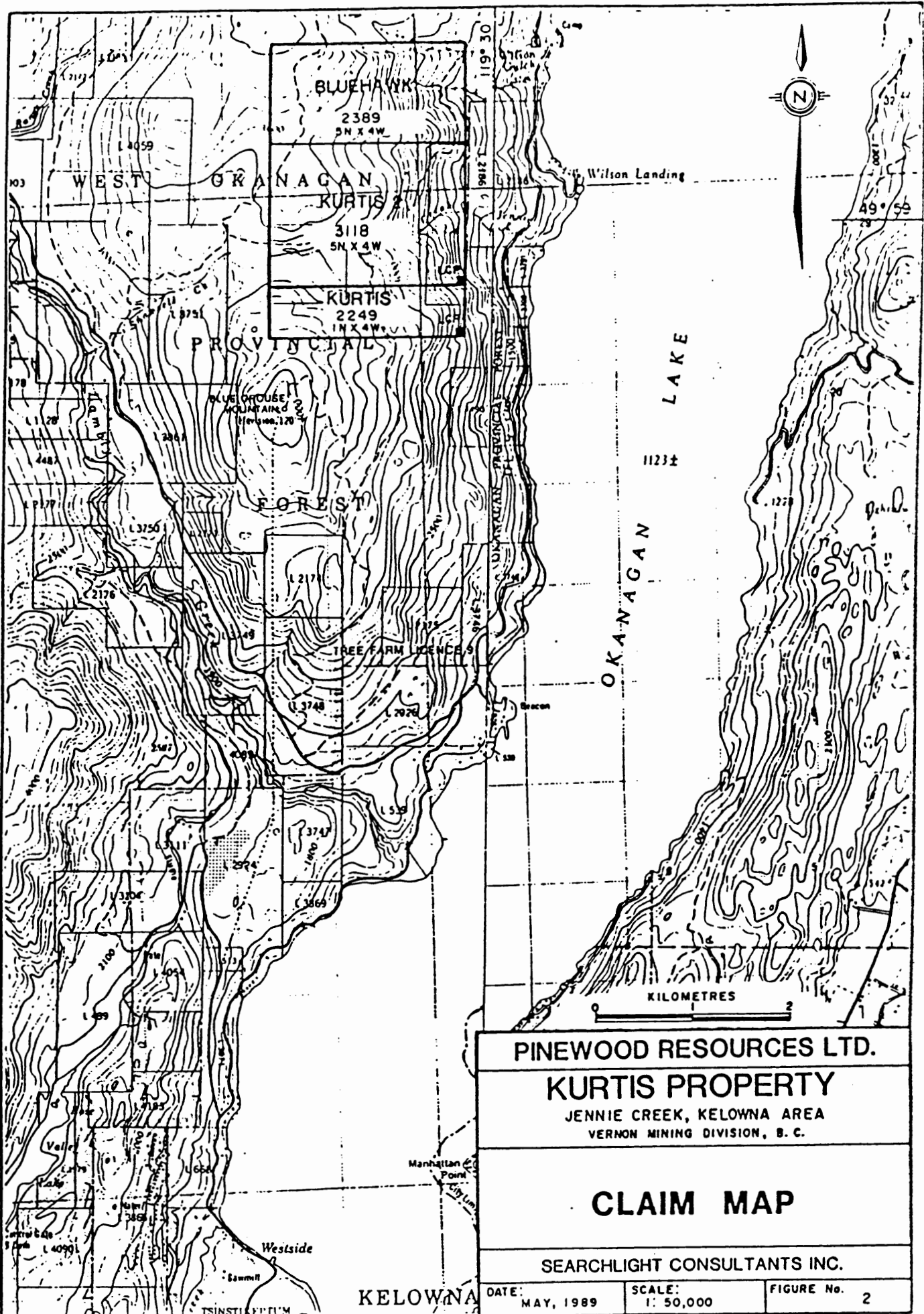
  
David G. Mark, Geophysicist  
Manager

43/G414



Property Location

GEOTRONICS SURVEYS LTD.				
PARKWOOD RESOURCES LTD.				
<b>KURTIS PROJECT</b>				
JENNIE CREEK, KELOWNA, B.C. .				
VERNON MINING DIVISION, B.C.				
<b>LOCATION MAP</b>				
DRAWN BY K. K.	DATE Feb, 1988	JOB No. 57-34	SCALE 1:8,000,000	MAP No. 1



**PINEWOOD RESOURCES LTD.**

**KURTIS PROPERTY**

JENNIE CREEK, KELOWNA AREA  
VERNON MINING DIVISION, B. C.

**CLAIM MAP**

SEARCHLIGHT CONSULTANTS INC.

DATE: MAY, 1989

SCALE: 1: 50,000

FIGURE No. 2

KELOWNA

**SEARCHLIGHT CONSULTANTS INC.**

505-744 West Hastings Street, Vancouver, British Columbia, Canada V6C 1A5

Phone: (604) 684-2361, Fax: (604) 684-1373

June 15, 1989

Mr David Konnert  
Pinewood Resources Ltd  
530-800 West Pender Street  
Vancouver, BC  
V6C 2V6

Dear Mr Konnert:

**Re: Kurtis Property, Vernon Mining Division, BC**

With regard to your faxed note of June 15, 1989, concerning the Kurtis property, Vernon Mining Division, BC, please find below a summary of the work programme carried out on the property in February this year.

**Location**

The Kurtis property is located in south central British Columbia in the Vernon Mining Division. The property is located at 049° 59'N latitude and 119° 31'W longitude, approximately 11 kilometres north of the town of Kelowna, BC, on the west side of Okanagan Lake.

**Claim Information**

The Kurtis property (fig. 2) consists of the following 3 modified grid mineral claims, comprising 32 units:

Claim Name	Number of Units	Record Number	Record Date
Bluehawk #1	8	2389	November 18 '87
Kurtis	4	2249	March 20 '87
Kurtis 2	20	122835*	February 19 '89

\* Tag Number



The Kurtis, 16 unit, claim was staked in March, 1987, and the majority of the northern portion of the claim was overstaked by the Bluehawk #1, 20 unit, claim in November, 1987. Both the claims have the Legal Corner Post situated at the southeast corner of the claim. A 9 unit claim, the Spike, was staked in June, 1987, prior to the Bluehawk #1. The Spike claim lapsed into the Bluehawk #1, one year later, as assessment work was not filed. The Kurtis claim was reduced in March, 1988, to a 1N x 4W claim, thus rendering the centre of the property open ground.

The Kurtis 2 claim was staked in February, 1989, to cover the open ground left as a result of the reduction of the Kurtis claim.

### 1989 Exploration Programme

The 1989 exploration programme was planned to investigate the anomalous resistivity results obtained from the geophysical survey carried out in January-February, 1988. This geophysical survey was carried out over an area of old workings, which cover much of the central portion of the Kurtis 2 claim.

A large east-west resistivity low with a length of over 1,000 metres was outlined by the survey north of, and subparallel to Jennie Creek. This feature is present from 8+20W to 2+20E. The east end of the resistivity low was thought to be the source for the north and northwest trending mineralized veins and shears present within the area of the old workings.

### Trenching

A trenching programme was planned to investigate the east end of the east-west trending resistivity low. The trenching of the resistivity low and the exposure of alteration zones was intended to be a precursor to the diamond drilling of this alteration.

The trenching programme was carried out between February, 10-15, 1989. A tracked backhoe (Mitsubishi MS 180LC) was utilized to carry out this programme. Two trenches were excavated over a distance of 108 metres, on Line 1+40E, from 0+89S to 2+20S.

Geochemical sample KU-89-25 was obtained from a 0.05-0.14 metre wide quartz vein with minor pyrite stringers at 1+16S. The trenching revealed that the resistivity low is probably caused by sheared, black graphitic shale/slate, part of the Thompson Assemblage. Alteration zoning was not found.

## Diamond Drilling

The diamond drilling programme was planned to investigate the west end of the east-west trending resistivity low. The pseudosection of Line 8+20W revealed the presence of well defined resistivity lows together with resistivity highs.

A total of 244.8 metres of NQ diamond drilling was carried out in three drill holes, from February 19-23, 1989. The three holes were drilled from one set up on the Kurtis 2 claim.

Details of the diamond drill holes are given below:

Drill Hole	Depth (m)	Depth (ft)	Azimuth	Incl.	Collar Coordinates
89-1	61.9	203.0	160°	-85°	8+20W, 0+89S
89-2	121.9	400.0	340°	-65°	8+20W, 0+89S
89-3	61.0	200.0	340°	-75°	8+20W, 0+89S
<b>Total Depth</b>	<b>244.8</b>	<b>803.0</b>			

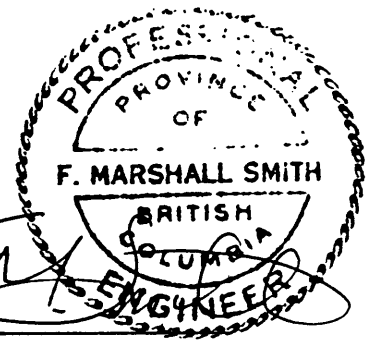
Pertinent sections of the drill core were split and 24 core samples, with an approximate weight of 3 kg, were taken. Details of the sample results are given below:

Sample Number	Gold ppb	Silver ppm
KU-01	< 5	0.1
KU-02	< 5	0.1
KU-03	< 5	0.1
KU-04	< 5	0.1
KU-05	< 5	0.2
KU-06	< 5	0.1
KU-07	< 5	0.1
KU-08	< 5	0.1
KU-09	< 5	0.1
KU-10	< 5	0.1
KU-11	< 5	0.1
KU-12	< 5	0.1
KU-13	< 5	0.1
KU-14	< 5	0.1
KU-15	< 5	0.1
KU-16	< 5	0.1
KU-17	< 5	0.1
KU-18	< 5	0.1
KU-19	< 5	0.1
KU-20	< 5	0.1
KU-21	< 5	0.1
KU-22	< 5	0.1
KU-23	< 5	0.2
KU-24	< 5	0.1
KU-89-25	< 5	0.1

Sincerely,  
SEARCHLIGHT CONSULTANTS INC.



*H. S. Macfarlane*  
H. S. Macfarlane, MSc, FGAC  
Project Manager



*F. Marshall Smith*  
F. Marshall Smith, P. Eng.

*June 21/89*



**SEARCHLIGHT CONSULTANTS INC.**

September 24, 1990

Mr David Konnert  
Pinewood Resources Ltd  
530-800 West Pender Street  
Vancouver, BC  
V6C 2V6

Dear Mr Konnert:

As per our phone discussions of this date and with Mr. Klassen as regards the Kurtis property, please be advised that the work programme recommended in 1988 and 1989 to the company should be completed as per our earlier recommendations.

In order to freshen the memory of all the parties concerned with this matter I have listed below the basics of the previous work, the relevant recommendations and the current recommendations.

Originally the programme to explore the property consisted of trenching, sampling, and geophysical surveys. This work resulted in the definition of a high grade vein in the area of previous workings that, although narrow, appeared significant. We recommended that the veins be explored along strike to attempt to locate similar mineralization in areas with intense wallrock alteration that could be located by geophysical surveys and trenching. This work was carried out and anomalies located along strike of the mineralization.

We decided that the primary phase of exploration should be split into two portions. The early phase should evaluate the geophysical anomalies and leave the original (old workings and new extension) area until this new information was tested. The primary reason for the decision was to allow us the opportunity to assess the merits of the anomalies before any serious drilling in case the new zones would require substantial drilling. The trenching and drilling of the geophysical anomalies failed to locate significant mineralization.

We continue to believe the original area should be drill tested to determine the merits of the mineralization both along strike and below previously tunneled areas. This work would consist of rehabilitating the trails to the drill pads, diamond drilling of the vein in several short holes and assay of the significant core. We do not expect that any other physical or exploratory work should be done as part of what we call Phase Ib. The following budget is in keeping with the original recommendations.

Budget Phase Ib

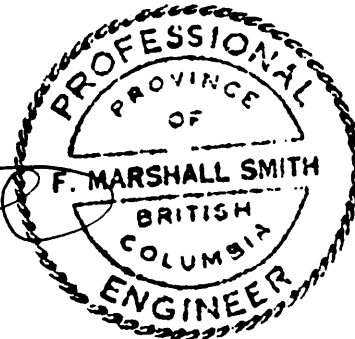
Road rehab and cleanup -----	\$2,000
Geology -----	\$4,000
Assays -----	\$1,000
Drilling 1000m @ \$52/m -----	\$52,000
Room and Board -----	\$500
Travel & truck rental -----	\$1,500
Salaries -----	\$2,000
Support, Supervision & Report -----	\$4,000
Sub Total -----	\$67,000
Contingencies-----	\$ 4,000
Total Phase I-----	\$71,000

If this programme is successful in extending the mineralization to depth, the remainder of the property will require careful evaluation for alteration and mineralization similar to the main showings. Any alteration zones located with geophysics or trenching should be drill tested.

Yours truly



F. Marshall Smith, P.Eng.  
September 24, 1990



cc. R. Klassen

F. Marshall Smith, P.Eng.  
6580 Mayflower Drive, Richmond, BC Canada V7C 3X6  
Phone: (604) 271-6662 FAX: (604) 271-6607

December 13, 1990


Mr David Konnert  
Pinewood Resources Ltd  
530-800 West Pender Street  
Vancouver, BC  
V6C 2V6

Dear Mr Konnert:

As per our phone discussions of this date with Mr. Klassen as regards the Kurtis property submission to the Superintendent of Brokers, please be advised that the undersigned has always and continues to be independent of Pinewood Resources Ltd. as I have never owned nor do I expect to own any securities of the Company, nor have I ever nor do I expect to have any interest in the properties owned or optioned by the Company, and other than my normal remuneration for services to and for the Company, I have not received any monies from the Company nor do I expect any.

As you are aware I remain a Professional Engineer of the Province of British Columbia and have practiced my profession as a geologist since 1967. The work for the Company has been and remains as an independent Engineer to the Company on a consulting basis.

Yours truly



F. Marshall Smith, P.Eng.  
December 13, 1990

cc. R. Klassen

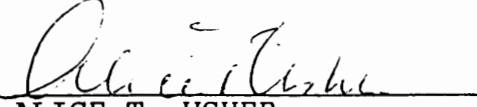
CERTIFICATE OF THE ISSUER AND THE PROMOTERS  
PINWOOD RESOURCES LTD.

DATED: January 11, 1991


The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by Part 7 of the Securities Act (British Columbia) and the regulations thereunder.


THE COMPANY

  
DAVID KONNERT  
Chief Executive Officer


  
ALICE T. USHER  
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

  
DAVID MARK  
Director

  
MAX SUCHAROV  
Director

PROMOTERS

  
DAVID KONNERT


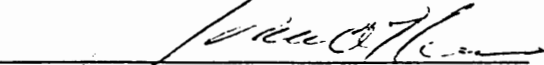
  
DAVID MARK

CERTIFICATE OF THE AGENTS

DATED: January 11, 1991

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by Part 7 of the Securities Act (British Columbia) and the regulations thereunder.

BRINK HUDSON & LEFEVER LTD.

Per:   
  
BRIAN GRAVES JOHN MATHERS